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THE RAYMOND WOOLLEN MILLS, LIMITED, BOMBAY.

**Evidence of Mr. P. L. McCONNELL and Mr. A. STAYNES
representing the Raymond Woollen Mills, Limited,
Bombay, recorded at Bombay on Monday,
the 4th March, 1935.**

President.—Mr. McConnell, you represent the Raymond Woollen Mills?

Mr. McConnell.—Yes.

President.—And Mr. Staynes is the General Manager?

Mr. McConnell.—Mr. Staynes is the Manager of the Mill.

President.—I understand from your representation that you wish to keep confidential certain information regarding your financial arrangements and costings.

Mr. McConnell.—Yes, if that is possible.

President.—I shall therefore confine my examination this morning to the remaining questions of the questionnaire leaving the financial aspects of the matter for the time being.

Mr. McConnell.—Yes.

President.—I understand that the Raymond Woollen Mill together with the David Mill were both purchased in auction by Messrs. E. D. Sassoon and Company.

Mr. McConnell.—The Wadia Woollen Mill was purchased together with what is now the Manchester Mill.

President.—A Company was then formed to run these mills in the year 1926?

Mr. McConnell.—In 1925, to run the Woollen Mill.

President.—With a capital of Rs. 50 lakhs?

Mr. McConnell.—Yes.

President.—Do your answers to the questionnaire cover both the mills?

Mr. McConnell.—The Manchester Mill was run along with other cotton mills in the E. D. Sassoon group as a member of that group and was not associated with the Woollen Mill.

President.—But I understand that a part of your woollen section was run at the David Mill.

Mr. McConnell.—That was for the purpose of convenience. The Raymond Mill was closed down owing to trade depression in 1930 and remained so until some time late in 1931. But there was still a demand for certain types of worsted yarn mainly for hosiery. Rather than run a very small section of the plant in the Woollen Mill at Thana it was decided to transfer a sufficient number of spindles to cope with this demand while working full time to an available block at the David Mill which was rented by the Raymond Woollen Mill. Entirely separate costings were kept for that small worsted plant which was being run to maintain to our sales of worsted yarn.

President.—How long did that last?

Mr. McConnell.—It lasted for 12 months when it was subsequently decided to resume operations at Thana. As it was not considered advisable to have two plants running, all the operations of the Company were then concentrated at Thana.

President.—What has happened to the Woollen Mill plant at the David Mill?

Mr. McConnell.—The plant at the David Mill is still lying there and is not operated at all.

President.—Does that belong to the Company?

Mr. McConnell.—Yes. When conditions justify such a step, it would presumably be transferred to Thana and run as part of the whole plant.

President.—You do not own the building?

Mr. McConnell.—It is just a small block taken from the David Mill Company on a monthly rental by the Raymond Woollen Mill as they had this space available when it was required.

President.—The plant was not sold?

Mr. McConnell.—No.

President.—Only a block of building was taken.

Mr. McConnell.—Yes.

Mr. Batheja.—Is the David Mill plant taken as part of your assets?

Mr. McConnell.—Yes.

President.—How many of these 10,400 and 2,880 spindles on the worsted and woollen sides respectively are in the David Mill?

Mr. McConnell.—We did not transfer any woollen plant to the David Mill. The 2,200 spindles that were transferred were purely on the worsted side for worsted spinning, no weaving plant was transferred.

President.—At what proportion of the year's expenditure do you put your working capital? Can it be estimated at so many months' output as in the cotton trade and certain other industries?

Mr. McConnell.—You mean the actual working capital or the estimated working capital?

President.—At what proportion does your working capital work out to your total expenditure of the year? Where a mill is working all the year round normally it is considered I believe some three months' cost is sufficient working capital because thereafter recoveries begin to come in. Does that apply to the woollen industry?

Mr. McConnell.—I should say 'no', because the woollen trade is a seasonal trade to begin with, and only in certain seasons of the year would the plant have any possibility of running fully. That of course depends on the volume of imports, but from our experience of the woollen mills we have not been able to gauge that.

President.—What is the effect of that? Does it mean that you will have to carry your working expenditure longer?

Mr. McConnell.—Stocks will remain for a longer period and if stocks are carried over a longer period, they will have to be financed during that period.

President.—If you were making an estimate, could you put it as a proportion of your annual expenditure—half or one-third?

Mr. McConnell.—I should say in the case of the woollen mill half would be nearer the estimate.

Mr. Batheja.—When you say that stocks will have to be carried, what kind of stocks do you refer to—finished goods or raw wool?

Mr. McConnell.—Finished goods chiefly but stocks of raw wool also will have to be carried a little longer.

Mr. Batheja.—But your statement mainly refers to finished goods stock?

Mr. McConnell.—Yes. As regards raw wool stock, one-third would be nearer the mark.

President.—Referring to the purchase of raw wool, do you make your purchases at regular intervals or in accordance with the orders you may be receiving?

Mr. McConnell.—For the last few years since the depression began—as the woollen mills have not got unlimited resources—we have been obliged to buy raw wool as and when orders present themselves: otherwise we should have had to carry stocks for a considerably longer period.

President.—Are you handicapped by your having to do that?

Mr. McConnell.—There have been occasions when, if we were prepared to buy forward or in anticipation of being able to sell our production, we might have been able to buy cheaper. But that is a policy which we have not in many cases been able to carry out on account of the uncertainty of the demand for local products and on account of finance—I mean lack of working capital.

President.—What are the periods in which you buy East Indian wools?

Mr. McConnell.—In what I have said I refer to both East Indian wools as well as imported wools and tops.

President.—What are the times of the year in which the wool would normally be purchased?

Mr. Staynes.—When the crop is in full swing which should commence say after the cold weather—from March onwards.

President.—Normally there are two clippings of wool. Are there two buying periods?

Mr. Staynes.—Yes.

President.—Once in the hot weather and once at the end of the year?

Mr. Staynes.—Once in the hot weather and once after the monsoon.

President.—That would be September?

Mr. Staynes.—Yes.

Mr. Batheja.—Are prices not lowest in March and September? Is it not profitable for the manufacturers to buy at those periods?

Mr. Staynes.—I should say 'yes' when the clip is commencing. If you can find the money and buy, then it would pay to go in for bulk purchases.

Mr. Batheja.—There is a very great discrepancy between the prices available at these times and the prices available at other times?

Mr. Staynes.—I should not say that it is only a question of price but it is also a question of quality. At the end of the season we are getting all the rubbish.

Mr. McConnell.—The best quality is exported and we get the balance of what is left over.

President.—Possibly at a much cheaper price?

Mr. McConnell.—That may be so but that will be more or less due to wastage.

President.—I think it would be convenient while we are talking about raw wool to refer to your answer to question 16. These prices, I take it, are your cost prices delivered at your mill.

Mr. McConnell.—They are average costs.

President.—What East Indian wools have you experience of?

Mr. McConnell.—Mainly the cheap varieties of East Indian wools—Busra sorts, brown, black, mixed and white and also purely Indian wools such as Adoni, Secundrabad and similar types.

President.—Where do you get the Adoni quality from?

Mr. McConnell.—From Madras.

President.—Is it South Indian wool?

Mr. McConnell.—Yes. We have also used certain quantities of better sorts of which we are trying to increase our consumption. These are largely Northern India wools.

President.—Normally speaking Upper India wools are superior to Southern India wools?

Mr. McConnell.—Yes.

President.—What proportions would be put into these average prices? The Southern purchases are much less than your other purchases?

Mr. McConnell.—You might have noticed an increase in 1934. That was due to the increased takings of finer sorts from the North. In the previous years, our mills were taking more of Southern wools—over 75 per cent.

President.—I would like to know if you can tell me how the market prices of the distinct types of various wools are arrived at. For instance, in your general representation you have referred to a constant fall in the price of Indian wools. Now the statistics which we have been able to obtain show that that is only true of Madras and Mysore types, but that it is not true of the Liverpool auctions of East Indian wools. They have not followed that curve at all and I do not know whether that is true of other market prices of India. If you can give me a general idea to start with how the prices of various types are determined, it will be helpful. Let us take the Liverpool auction prices. What is the effect of those on the prices in India of East Indian types?

Mr. McConnell.—In India there is no organised wool market such as you have at Bradford, Liverpool or London and prices will probably drop to some extent owing to the financial requirements of the farmer. A dealer in the market here, if he sees an increase in the prices in the Liverpool market or Bradford market or of Australian tops, will probably expect to get a higher price for his wool. It does influence the position to a certain extent but owing to lack of organisation of the local wool market, I should say that it is not felt to the fullest extent and therefore if the agriculturist is hard put to it for funds, he would be inclined to accept a lower price than is warranted by ordinary market fluctuations.

President.—Do most Mills buy through agents or do they make their purchases in the country of origin?

Mr. McConnell.—I am not in a position to speak of other mills.

President.—Let us take your own.

Mr. McConnell.—We have purchased through Brokers as a rule but latterly we have been trying to get to the actual sources and sent on two occasions men from Bombay with a view to investigating the possibilities of purchasing direct. I think as far as the Mill is concerned, we should get better wools and at prices remunerative to the Mill and the grower.

President.—When you say 'buying direct', it does not mean buying direct from the grower. I take it that the grower always sends his stuff to some centre where it is gathered and sold either through a dealer or through a broker, so that you would not actually get into touch with the grower.

Mr. McConnell.—I don't think that that would be a practicable proposition.

President.—You would not get enough quantities. I suppose it comes in in comparatively small quantities.

Mr. McConnell.—Yes.

President.—The prices at these centres reflect to some extent the prices of Liverpool auctions and the prices elsewhere. That is the impression that we gathered in a market like Shikharpur.

Mr. McConnell.—I should say that it is quite reasonable to assume that local prices would be affected by Liverpool prices, but I don't think Liverpool trends are reflected to the fullest extent in local rates.

President.—The man on the spot who is ready to pay cash will be able to take advantage of the local situation.

Mr. McConnell.—Most of the East Indian wools in Liverpool are sold on consignment. The merchants here will get a percentage of the value on shipment and the balance at a later date.

President.—I suppose the conclusion we just arrived at relates only to those types of wool which are exported. There is a very large amount of wool which is not exported. The types of wool, I think, from Madras are hardly exported at all. I suppose it would be true to say that the prices of those types of wool are not dependent so much on world prices as on the actual demand for those types of wool.

Mr. McConnell.—I should think so.

President.—The only way in which we can account for the prices of those types continually going down is this. There is very little export and the prices are determined by the internal demand.

Mr. McConnell.—Yes.

President.—As the demand has gone down, the prices have gone down. As regards other prices, they are affected not only by the demand from India but also by the demand from foreign sources.

Mr. McConnell.—If there is a double outlet, naturally the wool merchant will sell in the best market. If he finds that he cannot sell in Liverpool or elsewhere abroad, he must naturally take the price which he can obtain locally.

President.—Is there only one market for South Indian wools? You seem to imply in your answer that where there is a double outlet, the chances of competition are greater and the fluctuations less. Do you agree that the South Indian wools have got no market outside India?

Mr. McConnell.—I cannot say, without full figures before me, whether any exports of South Indian wools are made and if so to what extent. There would be a much larger demand for those wools locally than in Liverpool where finer sorts are required. We have the same thing in the cotton trade.

Mr. Batheja.—You don't know of any export market where they are dealing in South Indian wool?

President.—I am afraid I put that suggestion because I was under the impression from a study of the statistics that there was very little export of South Indian wool.

Mr. Batheja.—Shall we be justified in assuming that there is only one market for South Indian wool and that is internal?

Mr. McConnell.—For the bulk of it, yes.

Mr. Batheja.—It cannot be used even for making carpets abroad?

Mr. McConnell.—Carpets made abroad are generally of fine quality and they won't be able to use South Indian wool for the purpose. But South Indian wool has a big demand in India for the type of carpets manufactured here.

Mr. Batheja.—Carpets made in South India from South Indian wool are exported to America and other countries, and it is natural to assume that this wool will have its use in other countries if carpets manufactured from it are exported?

Mr. McConnell.—You may be able to export carpets to America but it might be a totally different thing to export wool to America for carpet making. There is a demand for ready made carpets there.

President.—There is a little point arising out of question 3. Your estimated capacity of hosiery yarn is a good deal higher than your estimate for weaving yarn: is that a normal output?

Mr. McConnell.—Yes. Hosiery yarn will be softer twisted yarn than weaving yarn which must have a much harder twist and the price of which will be slightly higher. But the output of hosiery yarn will be correspondingly higher because of the less twist in it.

President.—I would like to be able to make a little more accurate comparison between the various mills in their numbers of labour. It is very difficult to do so when so large a proportion is distributed over the worsted and woollen sections. Would it be possible to take out the figures of cleaning, warping and weaving at present combined in the worsted and woollen departments, that is to say would it be possible to separate them between the woollen and worsted departments?

Mr. McConnell.—We might be able to do that, but it would be an estimated figure rather than a figure from actual records because some mills may be making a certain amount of both worsted and woollen sorts on the same machines and it may not be possible to differentiate the labour.

President.—I think I would like, if you can, to have some estimate of how you allocate to the various departments, if you are able to do so, the number of people employed.

Mr. McConnell.—I think we could do that.

President.—Coming now to question 19, can you explain to a layman roughly what are the causes of the complaints which are being made against

Indian yarns? In Northern India in discussing why foreign yarn was so much preferred to those made in India—I am referring to the superior worsted yarns—they complained that Indian yarns were inferior although the prices were higher.

Mr. McConnell.—Is that a complaint regarding inferior quality; if so it is certainly news to us as we have always had very good reports about our yarns.

President.—It may be about a particular kind of fine weaving yarn but certainly we had complaints in the Punjab that the yarns were not clean and that they were rough.

Mr. McConnell.—I can't understand that report coming from an entirely disinterested party because our own experience has been that our particular yarn has been favourably received by everyone using it.

President.—Weaving yarns?

Mr. McConnell.—I am referring to hosiery yarns.

Mr. Addyman.—I think the chief complaint was this, that the Indian mills made no attempt to meet the market requirements in merino yarns; we were given to understand that the Indian mills could not produce merino and therefore they had to buy from abroad.

Mr. McConnell.—That is entirely due to the price. We have ourselves sold a considerable quantity of merino yarns three years ago but since then our sales have declined; and it is impossible to sell them now.

President.—Where do you sell your worsted yarns chiefly?

Mr. McConnell.—In the Punjab.

President.—The question of depreciation is one which causes a good deal of vexation apparently to some industrialists. There seems *prima facie* reason that if a mill works double shift, double depreciation of machinery should be allowed. You state that in the case of buildings the depreciation should be restricted to an addition of 50 per cent. How do you justify so big a percentage being added to buildings?

Mr. McConnell.—Depreciation on buildings would certainly be enhanced by working double shift. We have a very large floor area on which the wear and tear would be exactly double, on the walls of buildings while not being as much as double its depreciation would be increased by the extra vibration. Taking the buildings as a complete whole we have suggested that 50 per cent. would be adequate, it may be less than 50 per cent. on the structure of the building, but on such things as flooring and roofings it would be exactly double.

President.—Is double depreciation added by any mill in spite of the fact that the income tax authorities do not permit it? Mr. Maloney, is there any mill which adds to this depreciation?

Mr. Maloney.—I should say so far as the woollen mill industry is concerned, if a mill worked double shift depreciation must be added at a very generous figure. I don't think we have had any experience over a long time of working double shift. But as far as woollen mills are concerned I can only think of the Bangalore people who can answer this question when they come up here to give evidence. I think they have in the past worked double shift to a fairly large extent and whether they allowed double depreciation will be a very apt question to be put. I think they put down depreciation very generously indeed.

President.—You mean double shift working has not been on such a large scale in Bombay as to enable you to answer that question?

Mr. Maloney.—That is right.

President.—I now come to question 26. There is a curious figure under the heading of yarn for the year 1934 in which you have put your realised price of merino yarn at Rs. 3-6. Is that correct?

Mr. McConnell.—I think that is a misprint for Rs. 2-6, but I will find out.

President.—Please verify it and let us know.

Mr. McConnell.—Yes.

President.—In answer to question 27 when you say that foreign wool imported from Australia is purchased direct by the agents on behalf of the mill, you mean managing agents?

Mr. McConnell.—Yes.

President.—In the first paragraph 'Agent' means buying agents in England: in the second paragraph you mean your managing agents in Bombay?

Mr. McConnell.—Yes.

President.—Question 29: on the whole your wages of labour are a good deal lower than in Bombay. Is that correct? Particularly your weaving wages which you put at Rs. 33-8 a month seem to be a good deal lower than the wages paid in Bombay. That is for piece work?

Mr. McConnell.—Yes.

President.—How many days do you calculate in a month?

Mr. McConnell.—26 days.

President.—It is generally true that wages in Thana are considerably lower than in Bombay. Is there any reason for it?

Mr. McConnell.—I should say there is not very much difference.

Mr. Batheja.—Is the cost of living lower in Thana?

Mr. McConnell.—In the up-country mills wages are lower than in Bombay.

Mr. Batheja.—In the Indian woollen mills the wages seem to be higher.

Mr. McConnell.—Our rates have been reduced in recent years, but they compare very favourably with cotton mills rates in Bombay.

President.—Can you explain sub-section (iv)?

Mr. McConnell.—The intention is to indicate that all departments are on daily wage except worsted, drawing, winding, and warping and amending, weaving and fingers in both woollen and worsted departments.

President.—Are these average wages?

Mr. McConnell.—Yes.

President.—Now I come to efficiency standards. Can you tell me in a few words how efficiency standards are fixed? How do you set to work?

Mr. McConnell.—We take the production of the machine at 100 per cent. allow a reasonable time for stoppages and work out what we consider the reasonable production.

President.—Given perfect labour or given the labour you have.

Mr. McConnell.—Taking the labour we have available, we have a standard of efficiency for each department of the mill. For example we say that a worsted spinning mill should attain 75 per cent. efficiency and that efficiency is obtained in our mill.

President.—What do you mean by 100 per cent. efficiency?

Mr. Staynes.—It means the production of a machine running without any stoppages, so that 75 per cent. would be equal to what the machine could produce with stoppages.

President.—75 per cent. efficiency is what you consider to be a reasonable deduction on account of stoppages.

Mr. Staynes.—For breakages, etc.

President.—All of which is with reference to the type of labour or type of material you have. Taking into consideration these deficiencies, you fix what you consider a machine ought to turn out. That is what you call your efficiency standard.

Mr. Staynes.—Yes.

President.—And in the worsted spinning owing to more regular running than in other departments, the bulk of your labour reaches that standard.

Mr. Staynes.—Yes.

President.—To what extent do you think that 25 per cent. you talk of is due to deficiency of the material or labour?

Mr. Staynes.—Most of it is due to labour. Labour doesn't get sufficiently acquainted with the machine to give us the maximum efficiency.

Mr. McConnell.—They would get used to it after a period of regular running.

President.—Stoppages are generally due to inefficiency of labour or to some extent?

Mr. Staynes.—To some extent.

President.—Is the excessive amount of stoppages due to labour?

Mr. Staynes.—And breakages of material.

President.—You say in the worsted spinning side waste production is somewhat higher than is normal in England and that atmospheric conditions control this. What does that mean exactly?

Mr. Staynes.—The difference in climatic conditions results in a loss of moisture in India. In the United Kingdom they allow 18 per cent. moisture. We actually find tops on arrival in Bombay to contain 10 per cent. roughly. We are re-conditioning but even though we put it back, the conditions of spinning in India are drier than at home and we get more loss and waste.

President.—Is it excessive dryness?

Mr. Staynes.—Yes.

President.—Therefore the waste production must always be a little higher.

Mr. Staynes.—Yes.

President.—How far do you control that by artificial means?

Mr. Staynes.—We do condition, but it dries out very quickly.

President.—At what stage do you do the conditioning?

Mr. Staynes.—At the initial processes.

President.—Question 30: When you say you charge your employees a nominal rental of Rs. 3 a month, what do you mean to convey? What would be the economic rent?

Mr. McConnell.—For the premises they are getting there, the market rent would be more than Rs. 3. So far as an economic rent is concerned,—we are not landlords.

President.—By economic rent I mean this: if you want to recover interest and repair charges on your building, what would be the rent you would have to charge?

Mr. McConnell.—Probably about Rs. 5 or Rs. 6.

President.—Where does this loss appear in your accounts?

Mr. McConnell.—That would come under interest charges.

President.—In your particular instance of course having taken over the mill at a bargain, interest might not appear anywhere.

Mr. McConnell.—Yes.

President.—Normally it would appear in the interest charges?

Mr. McConnell.—Yes, and under repairs and renewals.

President.—Have you ever estimated how much you are spending on the welfare of your labour?

Mr. McConnell.—It is scattered under various heads. We don't budget for it.

President.—Can you give me the weight of the Calcutta rug? Certain other representations have referred to the Calcutta rug? Some people talk about the price per pound and you talk about the price per pieco.

Mr. McConnell.—I can get that for you.

President.—I would like to know the actual weight of the rug and the c.i.f. price per lb.

Mr. McConnell.—Yes.

President.—I also want to know the weight of the Gloria rug and the c.i.f. price per lb.

Mr. McConnell.—Yes.

President.—You say in answer to question 32 that considerable difficulties exist in obtaining prices of many articles of woollen manufacture over a long period owing to the fact that qualities are not standards as they are in other industries. The point is, I suppose, that you can get prices of articles over a long period, but the price may not be comparable.

Mr. McConnell.—Yes.

President.—The difficulty exists in comparing prices.

Mr. McConnell.—Yes.

President.—Because qualities are constantly changing.

Mr. McConnell.—You would not get exactly the same qualities for comparison.

President.—Can you tell me from your own experience whether this change in quality is very much more marked in the woollen industry than it is in the cotton industry. We don't remember this question being raised when the Board enquired into the cotton industry.

Mr. McConnell.—There are standards maintained in the cotton industry, take long cloths for instance.

President.—Standards are maintained?

Mr. Maloney.—They are maintained to a much greater extent in the Cotton trade than in the Woollen trade. We have what we call bread and butter sorts. After many years you may get a little variation, but standards are maintained in a very large range of cotton fabrics. In the Woollen industry we endeavoured to get from the Customs prices of different classes. We had a lot of correspondence. I had several interviews with Customs people here. We could not arrange anything satisfactorily. We could not do anything which would really be of any use to the trade.

President.—The quality, I suppose, may be marked by weight per yard by different patterns.

Mr. Maloney.—Yes.

President.—The influence of fashion is very much more marked in the woollen trade than in the cotton trade.

Mr. Maloney.—Yes. I should say in the cotton trade pattern changes, but the texture is the same. In the case of woollens, as far as I can see, the whole thing changes owing to tastes.

Mr. McConnell.—There are for instance innumerable designs printed on the same cloth in the cotton trade.

President.—In woollen goods you have the opportunity of an infinite number of combinations of mixtures.

Mr. McConnell.—Yes.

President.—Which would vary the initial cost.

Mr. McConnell.—Yes. It would give a different effect but the qualities would also be different.

President.—So that it is really impossible to deal with the question by the ordinary method.

Mr. Maloney.—There must be a particular class of goods at the bottom under "serges" fairly constant in texture and weight. That you get in the entire bread and butter stuff in the cotton trade. There may be something in the woollen trade that could be considered bread and butter stuff as in suitings.

Mr. McConnell.—While serges are coming in the whole time, there is a great deal of variety even in serge but you have an example in French shawl cloth, 8 oz. That was a standard sort that was coming in for many years.

President.—The commoner kind of lohi is one instance where the quality has remained steady.

Mr. McConnell.—Yes.

President.—But you cannot determine what you call a bread and butter type of blankets. There seems to be an infinite variety of the lowest quality which may contain from 80 per cent. to 20 per cent. wool. There are any number of mixtures. We have always the "cumbli", which is made of unwashed wool. That you don't make.

Mr. Maloney.—I don't think blankets have not remained steady.

Mr. McConnell.—It is not so in the case of imported style.

President.—I was rather thinking of the imported variety. What is called the barrack blanket has remained unchanged.

Mr. McConnell.—Yes.

President.—That might be true of good many articles made for Government as they are being made to standard specifications.

Mr. McConnell.—The current imported shawl is a very fine sort and sold at a very low price. Whether that will remain standard when it comes from Japan is very doubtful.

President.—Japan has upset the calculations of the Indian market by suddenly producing a much superior variety of merino quality of yarn and cloth.

Mr. McConnell.—She has introduced in bulk.

President.—Which you hardly touched.

Mr. McConnell.—We ourselves have experimented and are in a position to produce fine sorts. Whether we can produce the full range remains to be seen.

President.—Why did the Indian mills, before Japan started sending in merino products, never attempt the merino quality? It is really Japan that created a demand for Merino stuff.

Mr. McConnell.—It is quite possible that Japan has helped to create the demand by introducing it into the market at a low price. In certain lines, the Indian mills, as soon as there was a demand for those articles, tried to manufacture them. And have been to a certain extent successful.

President.—In fact they were caught unawares by the sudden influx of this superior Japanese product.

Mr. McConnell.—I would not say this. We can now produce them. Whether we can produce them at the Japanese price is another matter. To produce them at that price, we should have to go in for large scale production. I don't think any mill in India can afford to do that under present conditions of competition.

Mr. Maloney.—I don't think that the Indian mills have been caught napping unless the whole world has been caught napping. England is equally caught napping.

President.—I am only dealing with the Indian aspect. The point I am trying to make is that you have been caught by Japan suddenly producing this superior merino type. Where you were dealing with cross-bred types of wool, Japan has suddenly put in merino type at the same price or a lower price.

Mr. McConnell.—Japan has a very large home market. The imports from England into Japan have declined in the last two years to negligible quantities. Japan has been able to progress because she has a large home market to begin with and when she can export a large surplus she is in a position to send it anywhere she likes at prices which might not even cover costs.

President.—That is all very true, but I am only trying to get at facts. It is the Japanese importations which have suddenly created the demand for a very superior type of stuff. Where you were supplying cross-bred yarns and other countries were also doing the same, the demand is now for merino stuff which Japan has suddenly created. In the Punjab, for instance, in the hosiery trade, we found no one would look at cross-bred yarn.

Mr. McConnell.—That is generally correct, but demand has been there for some time. Japan is able to satisfy the demand now because the prices are suitable to the purchaser. Previously, three years ago, we supplied merino yarns, which the purchaser then wanted.

President.—Is it true to say that until Japan started sending merino yarns nobody wanted them? The demand was not there.

Mr. McConnell.—I would not say that.

President.—I am now talking of hosiery.

Mr. McConnell.—We were able to satisfy that demand at that time.

President.—Did you ever sell merino yarn?

Mr. McConnell.—We sold several hundred bales of merino yarn three years ago for hosiery purposes in the Punjab.

President.—What sort of counts?

Mr. McConnell.—Medium counts—average 32s but varying up to 40s. Since then we have been able to spin even finer counts. The demand was there. We were ousted by the Japanese low prices. They were able to offer at Re. 1-4 while we were offering at Rs. 2-4.

President.—You have not spun very big amounts of 48s. Now you say you can spin up to 64s. But your production is very small.

Mr. McConnell.—Because we have not been able to offer it at prices comparable to those of Japan. I should say it is impossible to market 64s today. We have only manufactured this yarn in the last two years during which time Japan has been in the market. There is a certain amount of prejudice against Indian mills not being able to supply at all. Unless there is a very large change in price parities that will continue.

President.—As regards your reply to question 37, there seems to be a good deal of difference of opinion as to the exact effect of Re. 1-2 minimum specific duty. I suppose the effect of it has really been concealed by the large increase in Japanese imports. But it seems to me to stand to reason that a duty of this kind must have had considerable effect on some classes of goods. We were told for instance in one part of the Punjab where the handweavers have a pretty large output that it made all the difference to them. This Re. 1-2 duty coupled with the very low price of Japanese merino yarn had practically resuscitated an almost dead industry in some parts of the Punjab—the weaving of fine shawls. They held that the duty had been of great help in raising the price of the goods they were turning out. Are there none of your articles on which it operates? I know that where the cloth is very light, sometimes the *ad valorem* duty becomes effective. Are there any cases in which the Re. 1-2 duty is effective?

Mr. McConnell.—On certain qualities, it is. Take the fine serge of which we have sent you a sample. The duty does apply to that and still, it does not help us.

President.—When you say that it does not help you, you don't mean to imply that you would not be worse off if there were no duty?

Mr. McConnell.—In spite of the duty, the price is considerably below our economic cost of production.

President.—It has been absorbed by the excessive importation of Japanese cheap priced goods.

Mr. McConnell.—It has been inadequate to cover the difference in price.

President.—As regards your reply to question 40, dyestuffs, stores and machinery are all types of goods which come in under the reduced duty.

Mr. McConnell.—10 per cent.

President.—When you say that the industry commences with a severe handicap, you mean that the stuffs are not made at all in the country.

Mr. McConnell.—Most of them have to be imported and the duty goes into the cost of production.

President.—Going back to question 35, you imply that you are not equipped with certain finishing machines which could improve the finish of your goods. What are you thinking of there?

Mr. McConnell.—It might be possible to get a very shiny finish as you have in some imported goods which we have not been able to reproduce. It would

assist us in getting that finish if we purchased these machines but we should not be inclined to incur the capital expenditure of that nature without having some assurance that we would be in a position to market the goods we produced.

President.—You say in answer to another question the machinery has not become generally more efficient. In the past four years there has not been much change—that is in production.

Mr. McConnell.—Yes.

President.—In the finishing there has been some improvement which you have not been able to introduce.

Mr. Staynes.—That machine has not been produced recently. It is true that we have not this machine in our mill. We are asked to give a certain finish which we are not able to give without that machine, and our own machines won't give that finish.

President.—What sort of finish are you thinking of?

Mr. Staynes.—A smooth, glossy finish.

President.—What particular kind of product does this relate to?

Mr. Staynes.—Worsted sorts.

President.—Are these machines used in India?

Mr. Staynes.—We are not in a position to say.

President.—You state in answer to question 41 that as the consumption of the higher grade articles has not reached any large proportions, you think you will be able to meet the demand for superior class of goods if you are given an assured market. The real question at issue is to what extent you would be able to meet the demand? If importations are checked there must be a reasonable period within which the public should be supplied with the goods to which they are accustomed. Can you say within what period the Indian market is going to be supplied with those goods or does this answer to question 41 imply that protection would be permanent?

Mr. McConnell.—It is not intended to convey that at all. If all the weaving mills of India were able to work full time, it can be assumed that, the superior classes of goods required could be produced at prices and in quantities to meet the demand in increasing quantities. As most mills have to produce a great variety of articles in demand and as they have to compete with foreign mills which are concentrating on one or two types and supplying a great proportion of the local demand, you would still find imports coming in, but the local industry by that time would be able to bring down its costs of production by working to its full capacity and would be able to meet the demand without the necessity for a high level of protection.

President.—My difficulty is this. There is to-day a very large and increasing importation of a particular kind of goods which at present is not being made by Indian manufacturers except on a very small scale. Some of it is not made at all. A drastic exclusion of foreign goods which compete with Indian production might result, as some have stated, in killing the markets for those goods, without substituting Indian goods. If the Indian public has become accustomed, let us say, to a cheap variety of Japanese or Italian goods which satisfy their particular demand, although it may not be so lasting or so intrinsically good as the local product, and if you suddenly shut it out, it does not follow that the Indian market will consume the goods which the Indian manufacturers substitute for it. You may therefore be destroying the market for an article which is wanted by the public and at the same time not benefiting the Indian industry because they cannot produce the article which will be taken by the public.

Mr. Maloney.—May I answer that? You are talking about the new demand, but this new demand did not exist all the time. Why cannot the demand be satisfied which existed for fifty years. This new demand has suddenly sprung up by reason of the fact that the Japanese temporarily have been able to market fine quality goods at what is to everybody else in the world an absurd price. That is not a real and genuine demand that is going to last unless the price factor is operating as well.

President.—Perhaps I have not put the point quite clearly. I don't think you have answered my point. It is this that we must be careful in estimating the extent of the Indian market to take into consideration the very factor which you are referring to. There is undoubtedly a change over to woollen goods, is not there? There seems to be an increasing demand for woollen goods, as such, of fine type. We must guard against treating as permanent a demand which is perhaps created by the very Japanese article coming in.

Mr. Maloney.—By another factor, by the substitution of something which was being used before and being supplied either by Bradford or by Indian mills. We cannot estimate to what extent these importations are new or are satisfying a new demand.

President.—We can only guess at that from the importations. When we find that the importations of foreign woollen goods are very much larger than ever before, we must assume that the palate has been titilated by something new. It is probably due to cheap goods coming from Italy and Japan. It does not follow if you cut that supply off, the demand will go back to something which the Indian manufacturers are producing. It is not necessarily the case that woollen goods are being replaced by the Japanese goods. They may be cotton; they may be articles of artificial silk or silk.

Mr. Maloney.—I am not afraid of that.

President.—If the import of woollen goods is going to be cut off my fear is that if the Indian manufacturers are going to take five to ten years to produce something which will appeal equally to the public, the market will disappear in the meanwhile. There seems to be a genuine fear.

Mr. McConnell.—That is assuming that the Woollen Mill Industry is not in a position to produce larger quantities of these fine sorts immediately if protection is granted.

President.—Yes.

Mr. McConnell.—We have shewn you some of the samples of the finer sorts produced in our mills. We can produce them to-morrow, if desired, but we cannot sell them under present conditions.

President.—If I may say so without disrespect, even some of your superior articles—I am speaking as a layman—did not appear to me to compare with the best of the imported stuff.

Mr. McConnell.—Which particular article have you in mind, Sir?

President.—I can't say that at the moment; but as an ordinary layman I should prefer much of the foreign stuff.

Mr. McConnell.—That is based on a comparison of a large scale production with a production on a very small scale.

President.—Possibly. But would large scale production enable you to improve the quality of the goods you are producing?

Mr. McConnell.—Yes.

Mr. Maloney.—May I say just a word on this question. I would like it to be quite clear. There is no possibility of the demand in the country even for the finest goods not being satisfied if the scheme of protection, or one of the two schemes of protection that have been outlined, is to be put into operation. I take it, as in the case of the cotton industry within a very short time, given adequate protection or assistance by way of quota limitations the Indian mills would rapidly improve production. It has been done; we have experience of this in the cotton trade. We know it can be done. But supposing they didn't, the demand would not be supplied by Japan at the absurd price at which she is supplying today. If the Indian mills cannot supply, then Bradford will.

President.—I think it will be as well if we postpone the general case till Friday otherwise we shall be duplicating our work.

Mr. Maloney.—Yes.

President.—I am rather interested in the way in which you have all taken the year 1928 as being the year in which prosperity changed to depression.

I know that is the year before the general trade depression. I am interested to discover how when every mill in Bombay from the year 1923 has shown continuously losses increasing from year to year, you can still hold that up to the year 1928 there was "reasonable prosperity". It looks as if you are quite content to go on losing a few lakhs as long as the number of lakhs did not exceed four or five. Either there is something curious about the financing of these mills or the shareholders in Bombay differ from shareholders elsewhere. Is it that they lived on hope till 1928?

Mr. McConnell.—As far as we are concerned particularly, we were interested in the production of woollen goods very shortly prior to 1928. I think that question can be answered by mills which have been working for a longer period.

President.—You began working in the year 1926. Up to 1928?

Mr. McConnell.—We still had hopes that our labour would be more skilled.

President.—We can postpone this discussion till we come to the general discussion on Friday. It is a curious point.

Mr. Rahimtoola.—In answer to question 33 (b) you say "Owing to increasing foreign competition Indian mills have been obliged to compete more keenly amongst themselves for such reduced share of the market as has been available". Can you tell me what is the percentage of the market which is available to the Indian mills?

Mr. McConnell.—I can't give you that until one knows what the total consumption of woollen goods in India is.

Mr. Rahimtoola.—When you replied to this you must have had something in mind? The percentage may be small.

Mr. McConnell.—Increasing foreign competition has obviously reduced the percentage. If imports increase unless the demand increases in the same ratio the residue to be divided amongst local mills is smaller.

Mr. Rahimtoola.—What is the percentage available to the Indian mills? You have put certain articles in the market and you know in what goods competition has taken place and I want to know what is the percentage available to the Indian mills and to the handloom weavers.

Mr. McConnell.—It is impossible to give a figure. You have an example of what competition has done when we look to Government contracts. A mill is very likely to reduce its price if it has a chance of getting an order for say, 100,000 blankots from the Government of India. When we have a position where some mills have closed down and the remaining mills are working under difficult conditions, increasing their debts every year.

President.—You quote competition for Government contracts as being an instance of increasing internal competition. That is probably the only example which you could think of because it is quite obvious that the increasing competition must reduce the balance left for the Indian competitors. But apart from that there are certain types of goods in which there is no foreign competition or very little foreign competition.

Mr. McConnell.—The effect of foreign competition is to keep large blocks of plant standing idle for lack of orders and it is therefore obvious when four or five mills compete for Government contracts that the competition will be very much keener.

Mr. Rahimtoola.—With regard to question 34 your point of view is that it is not only Italy but that Japan is also competing in blankets and rugs.

Mr. McConnell.—Our answer to question 34 is a general reply. There is competition in blankets and rugs from Japan but it would not be correct to say that competition from Japan is, in mixtures, severer than from Italy. The interpretation you put on that is not what is intended.

Mr. Rahimtoola.—That is what is suggested by your own answer to that question. You don't mean blankets only?

Mr. McConnell.—No. It is a general answer.

Mr. Rahimtoola.—Question 38 deals with the quality of raw wool. Do I understand that the Indian wool at present is not suitable for finer qualities of goods?

Mr. McConnell.—It is not suitable for producing fine worsted sorts.

Mr. Rahimtoola.—What kind of goods can be turned out from Indian wool?

Mr. McConnell.—Some worsteds can be manufactured but not fine worsteds.

Mr. Rahimtoola.—Those that you produce are not fine and therefore not acceptable to the market?

Mr. McConnell.—We are producing worsted yarns in large quantities from East Indian wool—Busra wool—which goes into knitted fabrics for the Government of India in very large quantities for the army.

Mr. Rahimtoola.—You are not able to put worsted cloth in the market for sale apart from the army requirements?

Mr. McConnell.—We have not done so out of Indian wools.

Mr. Rahimtoola.—Is it the price factor or the quality? I want to find out whether the raw material which is available in India would be suitable to some extent. I find you have made some remarks about the quality, being dirty and coarse, and say that you are making improvements.

President.—Is it a fact that you did in the past to a greater degree than at present make worsted yarn from Indian wool before the demand came for finer qualities of worsted?

Mr. McConnell.—Only from East Indian, that is Busra types of wool.

President.—You made it to a greater extent?

Mr. McConnell.—Yes and we are still able to sell yarns made from Busras but we are not able to sell yarns made from Indian wool neither have we done so to a great extent in the past.

President.—In what form is this Bikaner differentiated from East Indian wools?

Mr. McConnell.—It would produce a worsted yarn, but not to compare with Australian types.

Mr. Rahimtoola.—You have made a suggestion about the importance of appointing a Committee similar to the Central Cotton Committee. Has the Millowners' Association of which I understand you are members, done anything in this direction?

Mr. McConnell.—In connection with wool, the idea is in the preliminary stages, but something can be done. This is merely an idea which has been put up.

Mr. Rahimtoola.—You are aware, I suppose that the Indian Central Cotton Committee has to incur certain expenditure in connection with the maintenance and the working of it. If the question of protection is to be considered, there will have to be a certain amount allocated for this activity of the Government of India if you are of opinion that similar committee for wool be appointed.

Mr. McConnell.—Yes.

Mr. Rahimtoola.—But you do not agree that it should be out of a levy on raw wool.

Mr. McConnell.—We oppose that.

Mr. Rahimtoola.—Your idea is that a certain portion of the revenue which Government might derive from protective duties might be allocated for this activity of the Government of India.

Mr. McConnell.—I think that would be a fairer way of doing it than putting a levy on raw wool which has to come into India at the present stage.

Mr. Rahimtoola.—In order to produce finer qualities.

Mr. McConnell.—Yes. If it were done, it would in the first instance be for the purpose of encouraging the ultimate production of finer wool in this country. But on the other hand it would immediately increase the cost of production of finished goods.

Mr. Rahimtoola.—The question is, if you are going to confine all your future requirements from imported raw wool, then there is no encouragement for the Indian wool and the raw material which is produced in India is not suitable for the production of the kind of cloth required in this country at the present moment.

Mr. McConnell.—But you are now assuming that the whole industry is concentrating on worsted sorts.

Mr. Rahimtoola.—I am replying to your point. You are talking of the imported raw wool. If finer qualities are required for worsted, Indian wool will be definitely out of place.

Mr. McConnell.—Yes.

Mr. Rahimtoola.—As the taste of the public has changed and finish and appearance are wanted, which can only be had from the imported wool, your idea is, in order to obtain that quality you want to have a Research Committee for wool.

President.—Perhaps I had better explain. When you suggested this Committee for the improvement of Indian wools, had you in mind that the Indian wool would ever be fit for worsted or superior sorts of woollen goods.

Mr. McConnell.—Firstly it would be for superior woollen goods—better selection and grading of wools would help the consumer very considerably. As far as worsted sorts are concerned, I think that indefinitely wools will have to be imported.

President.—You can never improve Indian wool to replace the imported wool?

Mr. McConnell.—Only in the same way and to the same extent possibly as you have done in cotton. Though improvement has been effected, still a good percentage has to be imported.

President.—Have you any idea of the total proportion of the production of wool which one could classify as suitable for making low worsted type of goods?

Mr. McConnell.—We haven't got those statistics before us. That would be one of the objects of appointing a Committee.

President.—Is there any way of making an estimate?

Mr. McConnell.—By specifying sorts.

President.—If the crop of Indian wool is put at 80 millions, a comparatively small portion of that will be suitable for worsted types.

Mr. McConnell.—Yes.

President.—Have you any idea of the proportion?

Mr. McConnell.—No.

President.—You can tell us the wools which are superior and which could be used for worsted manufacture.

Mr. McConnell.—Yes.

Mr. Rahimtoola.—With regard to the woollen side of the Industry I would like to understand from this very question as to what part the Indian raw wool plays today. Apart from the research that you say might help the worsted side to a very great extent, I want to know what quality of woollen goods can be turned out from purely Indian or East Indian wool.

Mr. McConnell.—Indian wool can be useful for the majority of productions on the woollen side from blankets to the range of piecegoods, that is heavy woollen piecegoods.

Mr. Rahimtoola.—Purely woollen goods and no mixtures?

Mr. McConnell.—Yes.

Mr. Rahimtoola.—It can be manufactured at a reasonable competitive price.

Mr. McConnell.—A range of qualities can be produced out of Indian wool.

Mr. Rahimtoola.—Which can be suitable for the changed taste.

Mr. McConnell.—You are bringing in there the question of worsteds.

Mr. Rahimtoola.—Even in woollens we have seen a type which is now made according to the new taste.

Mr. McConnell.—Is that pure wool or does it contain cotton or shoddy?

Mr. Rahimtoola.—I was coming to mixtures a little later. In woollen goods there is something needed to give better appearance.

Mr. McConnell.—It is not pure wool, that is, it is not virgin wool. Practically all these imports which you have seen contain shoddy.

President.—Is it your point that shoddy can be finished better as regards softness than any type of Indian wool?

Mr. McConnell.—Yes, but that will depend on the quality of shoddy used.

Mr. Rahimtoola.—In answer to question 40, you have suggested bounties on export. Have you considered what the actual bounty is required by the trade if this proposition is to be considered by Government?

Mr. McConnell.—We can quite easily give a figure to Government if it is desired. Our point is if we are asked whether we can export, we are up against competition from countries which are very probably not paying duties in their cost of production. They are not paying duties like we have to on our dye stuffs, stores, etc., and the duty charges incurred by us will come in, in our cost of production.

Mr. Rahimtoola.—Your point is that this should be allowed free of duty. In that case the export bounty would not be necessary.

Mr. McConnell.—If they came in duty free, you open out a very wide issue—what quantities would be coming into India for making goods for local consumption and what for export. The best solution, I think, would be an export bounty based on the actual percentage of our cost price taken up by duties on raw material and plant which have gone into making the finished goods.

Mr. Rahimtoola.—In this export bounty you have to consider the prices at which the goods are sold outside the country.

Mr. McConnell.—It would be reasonable to expect an export bounty up to the full extent of the duties which have been paid on goods or plant.

Mr. Rahimtoola.—How do you arrive at it?

Mr. McConnell.—We know what our production is; we know what articles are going into the manufacture and we know what duties have been paid on them.

President.—It will be done on the c.i.f. price basis.

Mr. Batheja.—I am afraid I have not got many questions to ask. Many of them have already been covered by my colleagues. If you refer to your answer to question 14, you will notice a tendency in the figures given there of the decreasing consumption of Indian wool. Is there any explanation for that?

Mr. McConnell.—In as much as the foreign wool tops are consumed in worsted sorts, we say that it is owing to an increased demand for those styles.

Mr. Batheja.—Is it because you found that foreign wool and wool tops are cheaper in relation to Indian wool or because you thought that you had less trouble in dealing with foreign wool than with Indian wool. After all, the fall in the use of Indian wool comparing figures given in 1926 with those given in 1933, is almost phenomenal. The figures given are 11 millions in 1926 and 1½ millions in 1933.

Mr. McConnell.—We were producing at that time very large quantities of blankets for the Government of India and also very large quantities of yarn which were being used by the jails for manufacturing similar blankets themselves. The demand in the jails, as far as we are concerned, has not been up to the same level in the last two or three years and in addition the increasing competition for Government requirements has unfortunately left us out of it.

Mr. Batheja.—There was no foreign competition in that class of demand, I mean, jail requirements, army requirements and so on.

Mr. McConnell.—The Government of India place quite a number of contracts for certain particular types of article. The Indian mills have been able to satisfy the requirements for a number of years.

Mr. Batheja.—The home market for these articles from 1927 is there, but it has not been cut into by foreign competition.

Mr. McConnell.—That is one of our points. We are able to satisfy the Government of India's requirements and as such it is essential that the industry should be able to thrive, otherwise many more mills would close down. The Government of India would then not be able to obtain their requirements in India.

Mr. Batheja.—You would be able to use more Indian wool if you had obtained Government and Jail contracts.

Mr. Staynes.—That is one point. The second point is that all these wools are for the production on the woollen side. Our woollen plant was to a large extent standing idle and therefore our consumption of wool has gone down.

Mr. Batheja.—As far as I know from the figures of other mills, the consumption of Indian wool has not fallen to the same extent. How do you explain that?

Mr. Staynes.—Many of them are purely woollen mills. We are a worsted and woollen mill.

Mr. Batheja.—I am talking of other mills which are not concentrating entirely on the woollen side. Let us leave that point. Do you hope to see the revival in the use of Indian wool? Considering all circumstances the change in the demand, the internal competition, the foreign competition, do you see any reasonable prospect of increasing the use of Indian wool?

Mr. Staynes.—I do.

Mr. McConnell.—I think it is quite obvious if we are able to supply a bigger share of the market, we can take more Indian wool.

Mr. Batheja.—In reply to a question from the President, you talk of buying wool in advance. Is it possible to have forward transactions in the wool market?

Mr. McConnell.—That was not in India so much as for raw materials outside India.

Mr. Batheja.—It is not possible to have any forward transactions in India.

Mr. McConnell.—There is no forward market.

Mr. Batheja.—Has any attempt been made of sorting and grading Indian wool?

Mr. Staynes.—No.

Mr. McConnell.—It will be done very roughly.

Mr. Batheja.—In what way? What are the methods.

Mr. Staynes.—They would pick out what in their opinion was a cleaner looking lot, whiter in appearance, soft in handle and sell it as "A grade", "picked white" and so forth.

Mr. Batheja.—Does the sorting and grading agree with your requirements?

Mr. Staynes.—No, it doesn't.

Mr. Batheja.—Would it be possible to see to increasing the supply of Indian wool for worsted, if better grading and sorting are done?

Mr. Staynes.—Grading and sorting are not going to change the natural properties of the wool.

Mr. Batheja.—A good amount of fine wool is mixed up with bad wool.

Mr. Staynes.—It might assist us to a certain extent, but we are not going to suggest for a moment that grading will replace the merino wool.

Mr. Batheja.—I am referring to something of a very moderate quality, to suit the middle class taste of India. Will it be possible to increase the supply of Indian wool of medium quality by better sorting and better grading? Undoubtedly as I said, a great amount of good wool of Northern India is wasted by being mixed with inferior wool, because there is no sorting and grading. Is it possible to increase the supply in that way? That can be done much more quickly than by experiments in cross-breeds.

Mr. Staynes.—That is rather essential for the mill. It would also be essential for the farmer if he is to get better average prices for his crop.

Mr. Batheja.—To what extent can it be done?

Mr. Staynes.—As the wool is delivered to-day, there is a lot of room for improvement. If it can be sorted out, we will pay more, because there will be less wastage. It all depends on what sort of grazing there is at the disposal of the farmer, what his housing is like and what his sheds are like.

Mr. Batheja.—We came across instances where good wool of long staple was actually destroyed by cutting it for the purpose of carding by means of the hand bow. This shows that plenty of wool is wasted. Is that your impression? The method of sorting and grading can help you to secure Indian wool for a better class of manufacture. That is the point I am driving at.

Mr. Staynes.—I think it can be done.

Mr. Batheja.—Do you think that it can be done if a suitable organisation is set up? Cotton has been improved by devoting a good deal of time and attention to it.

Mr. Staynes.—I don't see how you are going to get any considerable improvement without some effort being made in that direction.

Mr. Batheja.—You could not give me any figure to show how far the supply could be increased in that way?

Mr. McConnell.—No.

Mr. Batheja.—Coming back to the question of the quality of yarn manufactured by you, in reply to a question from the President you said that most of your market is in the Punjab.

Mr. McConnell.—Our biggest market is in the Punjab.

Mr. Batheja.—Who buys your yarns generally?

Mr. McConnell.—Hosiery manufacturers.

Mr. Batheja.—Do you mean the small factories in Amritsar?

Mr. McConnell.—Yes, in Amritsar, Ludhiana, etc.

Mr. Batheja.—It is exactly in those centres that there was a complaint made about your yarns.

Mr. Staynes.—I am particularly interested to know it. I cannot understand any report of that nature coming from there from any one who has used our yarn for any length of time.

Mr. Batheja.—Have you lost your Punjab market in recent years?

Mr. McConnell.—No.

Mr. Batheja.—You are still maintaining it?

Mr. Staynes.—We have lost our market for merino yarn for the reason already explained.

Mr. McConnell.—Cross-bred styles are still selling but our sales are not the same as they were two years ago. That is attributable to the Japanese competition.

Mr. Batheja.—To what extent have your sales gone down in the Punjab?

Mr. Staynes.—30 per cent.

Mr. Batheja.—Do you maintain that your loss is entirely due to the question of price?

Mr. McConnell.—Yes. That is the only reason.

Mr. Batheja.—Did you ever refuse to supply yarn when anybody ordered a particular quality of yarn? We heard of some complaint, apart from quality, apart from price, that certain mills refused to supply when they were asked to supply swadeshi yarn. During the boycott days of 1930 and 1931, certain concerns were asked to supply cent per cent. swadeshi stuff, Indian wool and Indian manufacture. Some of them stated that apart from the difficulty of price and foreign competition, certain mills refused to supply articles demanded of them.

Mr. McConnell.—It is quite possible that mills might occasionally refuse a transaction for reasons of commercial prudence: otherwise I cannot imagine any one turning down a transaction.

President.—Under commercial prudence do you include "competition"? If they are going to use the yarn for manufacturing goods which compete with your own in the same market, would that prevent you from selling them yarn? Does that come under commercial prudence?

Mr. McConnell.—I am afraid I have not caught the point.

President.—We gathered when we were touring in the Punjab that certain mills had refused to supply yarn to handloom weavers. I suggest that it is possibly due to the fact that the handloom weavers were competing with their output in the same market where the mills were selling. Do you include that in your term "Commercial prudence"? It is important if the handloom industry is to be supplied with their raw material which is yarn, it must either get it from abroad or from the Indian mills. If the Indian mills are going to refuse because the handloom weavers are competing in the same market, then something must be done.

Mr. McConnell.—We have never had any occasion to turn down sales of yarn.

President.—For that reason?

Mr. McConnell.—No. If we were not satisfied with the financial standing of the dealer, then of course we would refuse.

Mr. Batheja.—At that time of political excitement, quality was no consideration; price was no consideration. What was wanted was cent per cent. swadeshi stuff. Have you ever turned down a demand when these two factors were absent?

Mr. McConnell.—Never.

Mr. Batheja.—Coming to the question of efficiency standard, do you maintain a separate standard for each kind of cloth?

Mr. Staynes.—No, only average standards of efficiency.

Mr. Batheja.—In reply to the President, you said that you maintain a general standard of efficiency for each kind of cloth.

Mr. Staynes.—We have a general efficiency for certain types of worsted. We have definitely worked out what the efficiency should be on that material. For instance, in the case of light goods we have an efficiency of 75 per cent.; in others we have 60 per cent.

Mr. Batheja.—Let me understand this point. You have an ideal of 100 per cent. efficiency. Taking into consideration the efficiency of Indian labour and working conditions in India, you adopt a certain efficiency standard probably based on long experience. Then, do you vary that in accordance with the cloth and in accordance with the raw material?

Mr. Staynes.—We have standard sets of efficiency. We realise that on low woollens it will not be possible to attain the same efficiency as on high class goods.

Mr. Batheja.—If your raw material is different, you will not attain the same efficiency. You have two factors of variation.

Mr. Staynes.—All these things are taken into consideration.

Mr. Batheja.—Is that based on experience?

Mr. Staynes.—On actual work we get out of the mills.

Mr. Batheja.—Is it comparable with the standards obtainable elsewhere, say in England?

Mr. Staynes.—Unfortunately not throughout. On the spinning side, yes and I have definite proof of that.

Mr. Batheja.—Is it comparable with the efficiency standards maintained in India?

Mr. Staynes.—I am not in a position to say that. The efficiency which we are getting in our mill is reasonable.

Mr. Batheja.—Mill Managers don't exchange ideas on that point?

Mr. Staynes.—No.

Mr. Batheja.—You have said that the efficiency standard can be improved if you have got regular working. Does your labour change very often?

Mr. Staynes.—It is not a question of change. It is a question of practice. A man works for one month then there is no work and he goes out. That man has no continuity and he cannot maintain efficiency.

Mr. Batheja.—Is the source of your labour supply regular?

Mr. Staynes.—It is.

Mr. Batheja.—From which place, do you import your labour?

Mr. Staynes.—From Thana. The labour is recruited from the Thana district.

Mr. Batheja.—Is there a tendency on the part of your labourers to go and get themselves engaged in cotton spinning or cotton weaving?

Mr. Staynes.—I don't think so.

Mr. Batheja.—Once a woollen operative, he always remains so.

Mr. Staynes.—Weavers might get across to Bangalore.

Mr. Batheja.—Do you get people from Bangalore?

Mr. Staynes.—We do.

Mr. Batheja.—What would be the percentage?

Mr. Staynes.—I cannot give you off hand.

President.—Are they Mysoreans by caste or race?

Mr. Staynes.—Yes.

Mr. McConnell.—We have never had any trouble with labour. It is only a matter of training them.

Mr. Batheja.—In spite of the lower scale of wages?

Mr. McConnell.—Actually two years ago they were definitely higher.

Mr. Batheja.—You said that you were charging a nominal rent of Rs. 3. Would you be able to get that much from the market?

Mr. McConnell.—Probably not in the town as our chawls are three miles outside Thana.

Mr. Batheja.—In reply to the President you said that it had cost you more. Probably the whole mill has cost you more. Does that price bear some relation to the market rent obtainable in Thana?

Mr. McConnell.—They prefer to live at the mill chawls rather than in Thana as it is more convenient.

Mr. Batheja.—You would not be able to get much out of them if you tried to make money out of them.

Mr. McConnell.—We have no intention of making money out of them.

Mr. Batheja.—In reply to the President, you said that given suitable protection you would be able to satisfy all qualities in demand.

Mr. McConnell.—In course of time.

Mr. Batheja.—Yes, in course of time. Are you aware that the Indian Stores Department are trying to obtain certain types of Army flannels and that they are unable to get them in India in spite of the fact that they are prepared to pay a higher price?

Mr. Staynes.—We have already got a contract from them.

Mr. Batheja.—I suppose you have been contracting for the supply of Army requirements in the past. You have experience of Army demands, have you not?

Mr. Staynes.—Yes.

Mr. Batheja.—Will you be able to meet all the demands of the Army?

Mr. Staynes.—Yes.

President.—There are certain types of goods which the Indian Stores Department tell us they cannot get made in India although they have placed patterns with the Indian Mills and given four or five years to make them.

Mr. Batheja.—In spite of the fact that they are prepared to offer higher prices, for khaki drab, flannels suitable for shirtings, etc.

Mr. Staynes.—We have a contract for silver grey flannel. It was a question of price in the past. It is not a question of inability to produce the articles.

Mr. Batheja.—We are informed definitely by the Indian Stores Department.

Mr. McConnell.—It would be interesting to know what those sorts are of which they did approve of our sample.

Mr. Batheja.—It is the policy of the Indian Stores Department to place as many orders as possible in India. We understand from a very reliable authoritative source that they are compelled to send orders worth about Rs. 10 lakhs every year outside.

Mr. Maloney.—I made arrangements with the Indian Stores Department that all tenders for woollen goods should go through the Association, so that I was sure that all the mills were in a position to say whether they were able to supply the goods and I have not had any complaints from the Stores Department that they have not been able to get their requirements through me from the Indian Woollen Mills. It is rather amazing to me that this marvellous order of Rs. 10 lakhs should go abegging when the mills are starving for orders. It must be amazing to the Indian mills and it is equally amazing to me unless the specification is something which they refuse to alter and which can only be produced with certain types of machines or something like that.

President.—We cannot pursue this question any further. We have asked for details from the Indian Stores Department, and when the details are received, we will take that point up again.

Mr. Maloney.—It would help us enormously in dealing with the situation.

Mr. Batheja.—You expect to satisfy every variety of Indian demand within a reasonable period at a certain price. After all, you are aware there is something like what is called elasticity of the demand for luxury goods. If certain goods are offered at a very high price, then the demand may be so elastic that it may disappear altogether or in the President's words the market may be killed. You do postulate a rise of price before you are able to satisfy every variety of demand?

Mr. McConnell.—There may be a temporary rise, but you cannot assume that it would be permanent.

Mr. Batheja.—You say in reply to question 44 that it is not possible to give any estimate of the rupee saving which might result from possible improvements.

Mr. McConnell.—Yes.

Mr. Batheja.—It is rather important for the Board to know that the industry would be able to stand on its own legs because this has reference to the third condition of the Fiscal Commission for granting protection and unless we know the facts and figures as to what economies you would be able to effect within a reasonable period of time, we will say that the condition has not been satisfied. A general statement of this sort "Given sufficient time, we will be able to make" without reducing it into rupees, annas and pies, almost amounts to a demand for permanent protection, and that is not the policy recommended by the Fiscal Commission.

Mr. McConnell.—It is for the Government of India, if they give protection for a number of years, to see that improvements are made by the industry and they are not left with a pious hope that the industry would be able to do without protection in time. If the industry does not show any improvement during this period the protection can be withdrawn.

Mr. Batheja.—The Tariff Board has got to decide that given a limited time the industry will be able to stand on its own legs: for that we want to have definite figures.

In answer to question 45 you state that you have put forward in the joint representation in detail the nature of protection required by the industry, and the period of protection. Will you be able to give us facts and figures so that the Board may satisfy itself that you will be able to stand on your own legs during that period?

Mr. McConnell.—We are prepared to do that.

Mr. Batheja.—A general assertion will not do for our purpose; it would be necessary to know what economies you would be able to make under each head.

President.—My colleague's point is this, if I may elaborate it. You have not been able to give us separate total costs of the woollen as opposed to worsted. If you could it would help us a great deal. You have given us your total costs for the year 1932 but you have not separated woollen from worsteds.

Mr. McConnell.—It would be quite possible to do that.

President.—My colleague then asked what the reduction in the costs in a period of years, a period of ten years being reasonable, per lb. of output would be. If you could separate the woollen and worsted departments we would be able to arrive at an estimate of the total cost per lb. output. Then we would be in a position to calculate what would be the effect on your costs of working, say, 100 per cent. instead of 30 per cent.; what would be the reduction that you would estimate. And if there are any other improvements which you consider reasonable to effect besides mere reduction in overheads: you may anticipate reduction due to increased efficiency of the labour working whole time, then there will be reduction in the cost of stores, there will be reduction in capital charges and other overheads. If you could work that out and calculate it on a pound basis then we will be able to see what is going to be the effect of protection on you.

Mr. McConnell.—Yes.

Mr. Batheja.—What we want is the actual reduction in costs. You have given us certain cost per article; we would like to know how far the cost of these articles will be reduced within the period as a result of more efficient working, as a result of external and internal economies attendant on a better market.

Mr. McConnell.—We will do it for you.

Mr. Batheja.—In reply to question 33 you say that you are opposed to any duty on imports of foreign wool. You are opposed to it on the ground that any benefits of the protective duty would be off-set. Would

you be opposed to it if it is compensated by a higher protective duty on finished goods?

Mr. Maloney.—We would oppose it. The assumption that an extra 5 per cent. rise in the protective duty has the same effect on the price as against the imposition of a duty on its raw materials is an assumption which the Millowners' Association will never accept.

Mr. Batheja.—Supposing the Board in arriving at the fair selling price of the Indian articles takes into consideration the price of the raw material including any duty which may be imposed on raw wool for the purpose of protecting the indigenous raw wool industry, what objection can the industry have?

Mr. Maloney.—My objection is that in practice it does not work. The duty you have to pay of so much per pound on the raw material has to be paid in any case to the full extent; the protection you give is so upset by internal competition that your calculation will not work and you cannot off-set the imposition of duty on raw material by an increase in the protective duty on the finished product.

Mr. Batheja.—I am unable to understand why the fair selling price should not do justice to the Indian woollen industry if the additional cost of the duty on the various imports is taken into consideration in arriving at that fair selling price.

Mr. Maloney.—You anticipate that if you give so much protection you get so much selling price. As a matter of fact that has never been done. It is the same thing as the late excise duty which got the whole of the country up in arms.

Mr. Batheja.—You are in favour of putting a duty on foreign yarn?

Mr. Maloney.—Yes.

Mr. Batheja.—Isn't that a raw material of the hosiery industry in the Punjab?

Mr. McConnell.—All their requirements can be obtained here, while we cannot obtain our requirements of suitable wool in India for the production of these articles of "raw material" the price of which can be reduced by us assuming that we are able to work more fully as a result of protection.

Mr. Batheja.—The hosiery industry in the Punjab is able to get certain kinds of yarns from the Indian mills and the other kinds they are not able to get from the mills at all. The position of yarn and raw wool is the same and your opposition to the raw wool duty and support of the yarn duty seems to me to be somewhat inconsistent.

Mr. McConnell.—If we can be informed by the hosiery industry in the Punjab what we cannot supply, we shall be happy to show them that we can supply them.

Mr. Batheja.—You yourself said that by some suitable method of sorting Indian wool may be used for finer articles; if that is so, to some extent some requirements will be met?

Mr. McConnell.—Not the finer stuff. In the one case we find that our finest requirements have to come from outside India, on the other hand they would presumably go outside India for fine yarn only if we cannot supply.

Mr. Batheja.—Do you maintain that the woollen industry is a key industry?

Mr. McConnell.—It is an essential industry.

Mr. Batheja.—Which must be protected irrespective of its capacity to satisfy the three conditions laid down by the Fiscal.

Mr. McConnell.—We consider that we can satisfy the Fiscal Commission's requirements. On the other hand it is a key industry for national requirements. Very large quantities of goods were purchased from the Indian Mills during the war.

Mr. Batheja.—If the Indian industry is going to depend on foreign wool and wool products and does not use Indian wool to a large extent, how can it maintain its position because in time of war your supply of stores will be cut off and the fact which seems to support that conclusion is that Indian mills are using less and less of Indian wool and more and more foreign wool unless you dispute this statement.

Mr. McConnell.—That is in order to supply the bazar demand for the finer styles. In any case we have not shown an actual decline, we have shown a percentage decline only in our takings of Indian wools and we have shown an actual increase.



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INDIAN WOOLLEN MILLS COMPANY, LIMITED.

Evidence of Mr. A. M. MEHTA and Mr. GORDHANDAS

BHAGWANDAS recorded at Bombay on

Wednesday, the 6th March, 1935.

President.—Mr. Mehta, you and Mr. Gordhandas represent the Indian Woollen Mills?

Mr. Mehta.—Yes.

President.—You are the General Manager?

Mr. Mehta.—Yes.

President.—Is this balance sheet of the Shapurji Broacha Mills which you have submitted a public document?

Mr. Mehta.—Yes.

President.—May I ask some questions on it?

Mr. Mehta.—Yes.

President.—I understand the Shapurji Broacha Mills took over the Indian Woollen Mills in 1925?

Mr. Mehta.—Yes.

President.—Losses had continued to be incurred every year and in 1933 the accumulated losses amounted to about Rs. 28 lakhs?

Mr. Mehta.—Yes.

President.—If I understand rightly the following procedure took place at the amalgamation: The shareholders of the Indian Woollen Mills were allotted about Rs. 2½ lakhs worth of shares in the Broacha Mills?

Mr. Mehta.—Yes.

President.—That I suppose was the estimated difference between the assets and liabilities at that time?

Mr. Mehta.—Yes.

President.—After working the Indian Woollen Mills for some years until 1933 the Broacha mills decided to reconstruct their share capital: Rs. 77 lakhs of the United Mills were, I presume, written down to Rs. 3,80,000?

Mr. Mehta.—Yes.

President.—That I take it was the estimated value of the holdings of the shareholders?

Mr. Mehta.—Yes.

President.—Then, I take it, the creditors of the Shapurji Broacha Mills, who I presume were the Gwalior Darbar and the Madhowji Dharamsi Manufacturing Company, Limited, took over new shares amounting to Rs. 82 lakhs?

Mr. Mehta.—Yes.

President.—So that I can put it like this. The reconstruction wrote-off sums amounting to Rs. 1,54,00,000. Of that approximately Rs. 72 lakhs were allocated to depreciation of property and Rs. 82 and odd lakhs towards writing off the losses accumulated upto 31st March, 1933.

Mr. Mehta.—Yes.

President.—The block value of the woollen side of the mill has now been reduced to Rs. 14,42,000?

Mr. Mehta.—Yes.

President.—On the re-organised balance sheet then your mill seems to be now in a comparatively favourable position. You have capital of about

Rs. 6 lakhs and liabilities of Rs. 6 lakhs on one side and blocks and stocks amounting to the same figure on the other side. The block value is about Rs. 68 lakhs and your stocks are shown at about Rs. 23 lakhs.

Mr. Mehta.—Yes.

President.—Your estimate of cost of setting up a new mill of the same capacity of output is put at Rs. 26 lakhs. That seems to me a bit too high. Has this been worked out in detail? Rs. 26 lakhs is the figure given by the Raymond Woollen Mills for a mill of their size which is a good deal larger than yours on the wersted side.

Mr. Gordhandas.—That is true, but at the same time we have got our mills in Bombay where the value of land is higher.

President.—This Rs. 26 lakhs covers the higher value of the land in Bombay?

Mr. Gordhandas.—Yes.

President.—Have you any idea of what your estimate would be if you excluded the land?

Mr. Gordhandas.—The land is worth roughly Rs. 1,50,000.

President.—That is your own land?

Mr. Gordhandas.—Yes.

President.—You say the building itself would be more?

Mr. Gordhandas.—The cost of building is Rs. 7½ lakhs.

President.—In your estimate of Rs. 26 lakhs?

Mr. Gordhandas.—Yes.

President.—That gives you Rs. 17 lakhs for machinery?

Mr. Gordhandas.—Besides that we have the hosiery plant which the Raymond mills have not got.

President.—What would be the cost of this?

Mr. Gordhandas.—About Rs. 1,00,000.

Mr. Batheja.—Did you say that the value of building in Bombay is higher than the value of building in Thana?

Mr. Gordhandas.—Value of building which we have estimated at Rs. 7,50,000 is based on the value recently arrived at between the Municipal Corporation and the Millowners' Association. The value has been based on 4½ annas per cubic feet.

Mr. Rahimtoola.—It is the assessment basis?

Mr. Gordhandas.—Yes.

Mr. Batheja.—Will it cost more to set up a building in Bombay than setting up a building in Thana?

Mr. Gordhandas.—I don't think so. At the same time we do not know whether the building at Thana is of the same type as ours.

President.—Is the estimate of the municipality the rental value?

Mr. Maloney.—It is based on the contractor's valuation which is supposed to be the present day cost of construction, this 4½ annas per cubic feet. But I may say that we disputed that assessment for some time, in fact so much on the point of cost of construction that perhaps they thought that we considered it possibly high for the type of building that will be put up to-day, but rates of return and items like that increased our assessment.

President.—How often does this valuation take place?

Mr. Maloney.—It is supposed to be revalued from year to year but we had three years agreement. We have always said that we have been over-assessed.

President.—From that point of view the estimate is on the high side?

Mr. Maloney.—Not very much on the high side. Our assessment is supposed to be on building that would be put up to-day, not what we have which is far more substantial than is necessary.

Mr. Gordhandas.—About three years ago there was a proposal for amalgamation of the mills in Bombay and Mr. Entewistle valued the Indian Woollen Mills at Rs. 17 lakhs after depreciation.

President.—I will now pass over to the question of your yields because they are very closely related to the question of costings which I shall deal with subsequently. Coming to your raw wool, your average prices recorded for the East Indian wools are a good deal higher than those received from other mills. I suppose we may take it that you do not use the lowest type of Indian wool to any large extent and that you use a larger proportion of the more expensive wool?

Mr. Gordhandas.—Yes.

President.—You have given us only fluctuating prices of Joria; what other types do you use besides Jorias?

Mr. Gordhandas.—We use Khandesh, Secunderabad.

President.—You use a considerable proportion of East Indian wools for the manufacture of worsteds?

Mr. Gordhandas.—We don't use a very large proportion of these for worsteds because the classes of worsted we manufacture cannot be produced out of East Indian wool.

President.—It is a common assertion that East Indian wools cannot be used for the finer worsted yarns. I want it to be clear why a large proportion of East Indian wool cannot be used for the manufacture of worsteds. In answer to question 14 you say you were using about 34 per cent. of East Indian wool.

Mr. Gordhandas.—Because at that time we were getting orders from Government for cardigans and jerseys. After that we did not get any orders and the proportion came down.

President.—Does the same apply to the year 1931-32?

Mr. Gordhandas.—We got some orders then; besides that, we were supplying yarn made out of East Indian wool to the hosiery manufacturers who in their turn were supplying hosiery goods to Government and also to the bazar, but afterwards orders for these lines declined and the proportion came down.

Mr. Rahimtoola.—In 1931-32 you were manufacturing more yarn than you could consume in your own mills?

Mr. Gordhandas.—We were manufacturing yarns and cloth both; we were out to get work in whatever line we could get.

President.—In question 17 under the heading "Others" I understand you include a considerable proportion of mixed goods, mostly 33 per cent. worsted and 66 per cent. woollen?

Mr. Gordhandas.—Yes.

President.—Were there any cotton mixtures?

Mr. Gordhandas.—Yes.

President.—Some of your blankets contained 32 per cent. cotton?

Mr. Gordhandas.—Yes.

President.—Do I understand that you have entirely given up that business?

Mr. Gordhandas.—By cotton mixtures I mean cotton yarn in the warp and woollen weft; I don't mean to say that we are mixing cotton and wool.

President.—What do you refer to in your note about mixtures? You say you dropped the experiment.

Mr. Gordhandas.—That was mixture in the raw material.

President.—The same objection does not apply to mixture in the yarn stage?

Mr. Gordhandas.—No.

President.—Do you think that this difficulty about the manufacture of mixtures is insuperable? You have in your application applied for the treatment of mixtures in exactly the same way as woollen goods. If the mill industry in India has determined that it cannot make mixtures economically, the case for treating them in exactly the same way as woollen goods is weakened. You are definitely asking that a duty shall be put up on mixtures which Indian manufacturers have no intention of manufacturing.

Mr. Gordhandas.—It will be possible for a mill to manufacture mixture goods that can exclusively manufacture mixtures, but for a mill of our type which is manufacturing all classes of pure wool goods, and superior quality goods, and goods required for the Government of India, that difficulty is great. It would be difficult for a mill of this type to manufacture mixture goods side by side with superior quality goods and goods required by Government of India.

President.—I can understand that. It raises the very interesting problem of why most of the woollen mills in India want to manufacture everything. There are very few mills in India which have concentrated on one particular type of article. Is it not conceivable that the development of the Indian industry ought to take the lines of specialisation which we understand has been followed in other countries successfully. If every mill attempts to manufacture all kinds of goods, you are immediately up against this problem.

Mr. Gordhandas.—The cold season is of very short duration—lasting only 3 or 4 months. It will be doubtful whether the entire annual production of a mill of one or two specialized line will be sold. Supposing we manufacture flannel and Japan manufactures the same flannel at a very low price, then we would lose very heavily. So, for that reason and also for the reason of the short duration of the cold season, it is difficult to specialise in any one particular item. The cold season hardly lasts two or three months and throughout the year if we manufacture serges or a flannel of a particular type, it would be very speculative as to whether the entire output would be taken up at a fair price in the existing circumstances.

President.—Apart from the recognised difficulty of working a mill economically for only a small portion of the year, supposing that difficulty were overcome when the demand was spread over and sufficiently great to enable you to work for a greater part of the year, still you will have that problem. I understand your argument to be that every mill at present is bound to manufacture a little of everything for safety, because if they manufacture one type, they may not be able to sell their output.

Mr. Gordhandas.—Having regard to the existing circumstances, that is the position, but if there was scope for a mill to specialise in any particular line from the commercial point of view it would be economical to work a mill on special lines, which may suit the mill.

President.—It cannot be done without agreement among the various mills. Is there any prospect of the industry as a whole becoming rationalised to the extent that they could specialise any particular line?

Mr. Maloney.—I shall explain Mr. Gordhandas' point; it is not quite a question of the internal arrangement, but the position to-day is that the market is not very large owing to external competition.

President.—I went further than that. I was assuming that the external competition was reduced to give the manufacturer a reasonable chance of working more or less full time. Does not the same problem remain to a lesser extent?

Mr. Maloney.—The problem does remain, but it would not be so severe a problem or so difficult a problem. Under the circumstances the mills would produce according to their special equipment. For instance we have already one or two mills who are producing very large quantities of particular lines. It is possible—it is not only possible but extremely probable—that these mills would still further specialise. That is what has happened gradually in our Cotton mill industry too.

President.—I am told, for instance, in other countries it is unusual to have a single mill equipped both on the woollen and worsted sides. In India it seems to be the usual practice, the reason being that the Company wants to safeguard itself. But apart from their safeguarding it seems to have been economical elsewhere to divide up these sides of manufacture and concentrate on one or the other. To the layman it seems a reasonable assertion that concentration on one side or the other should be more economical and enable you to compete better. Now you have your mills organised. All of them or most of them are equipped to do everything. Is it going to be an impossible problem to get over that on the assumption that better times come or is every mill going to persist in its present policy of trying to do a little of everything?

Mr. Gordhandas.—If the market was assured, the mills would go in for special lines, because it would be more economical to specialise in particular articles.

President.—It will mean the scrapping of a lot of machinery or interchange of machinery.

Mr. Gordhandas.—Yes.

President.—Do you regard that as practical politics?

Mr. Gordhandas.—Yes.

Mr. Maloney.—We might discuss this very proposition when we have four or five mills together. I know there are practical difficulties in carrying out an idea like this. Though we went into an enormous amount of trouble in the Cotton industry of one centre, we could not get over the difficulties of transfer of capital and correct valuation of machinery and so on. The shareholders had to be consulted and they would not agree to amalgamation of this sort. I don't think we can do anything without something in the nature of amalgamation. These agreements do not carry us very far.

President.—Shareholders willy-nilly will agree to the writing down of their shares to a small fraction of one per cent. They cannot have it both ways. However, I agree that it would be better to postpone this until we deal with the general representation.

Mr. Maloney.—There is no doubt as to the desirability of doing something on these lines.

President.—Your stock of piecegoods is going on increasing year by year. What happens to these piecegoods?

Mr. Gordhandas.—We sell it next year.

President.—Is this part of a definite policy that these piecegoods are made to stock?

Mr. Gordhandas.—Also made to order.

President.—Once it is made to order, you sell.

Mr. Gordhandas.—Yes.

President.—This you make to stock remains in the balance.

Mr. Gordhandas.—Yes.

President.—Normally would you lose on this?

Mr. Gordhandas.—It all depends upon the market.

President.—Is not making for stock somewhat speculative?

Mr. Mehta.—It is not our policy to make for stock.

Mr. Gordhandas.—The reason why we have to carry such big stocks is this: our business is of retail nature and not wholesale business. We cater for small orders. Sometimes an order consists of a number of different lines which we have to meet from stock for immediate delivery; hence the necessity of carrying most of the important items of goods in stock.

Mr. Batheja.—You are ultimately able to dispose of these stocks?

Mr. Mehta.—Yes. Sometimes we have to carry forward. Some lines may remain for a year or two, but of course ultimately they are disposed of.

President.—Don't you think that when the fashions are constantly changing, you are likely to be left with stocks in your hands?

Mr. Gordhandas.—To some of the items that would apply. We haven't got very old lines left with us. Of course in that case we have to dispose of at the best obtainable price.

Mr. Batheja.—Do stocks of particular lines accumulate for more than two years?

Mr. Gordhandas.—Not more than two years.

President.—As regards your manufacture of belting yarn, where does that go to?

Mr. Gordhandas.—Bengal.

President.—The whole of it?

Mr. Gordhandas.—Yes.

President.—How many manufacturers are there of belting?

Mr. Gordhandas.—There are two manufacturers, Bengal Belting Works and Birkmyre Brothers, Calcutta.

President.—Belting yarn is one of the articles for which you have asked for protection.

Mr. Gordhandas.—Yes.

Mr. Batheja.—Which industries consume this yarn?

Mr. Gordhandas.—All the textile industry. We ourselves use hair belting. It is needed for driving machines.

Mr. Batheja.—My impression is that the Textile industry does not use belting yarn. Therefore a reference must be made to the industry which consumes it. You say that the Textile industry consumes it.

Mr. Gordhandas.—That is perfectly correct.

Mr. Batheja.—Didn't you say what I say, Mr. Maloney, in your letter?

Mr. Maloney.—Yes, we are not consumers of hair belting.

Mr. Gordhandas.—All the industries that are using machinery can use hair belting in place of leather belting.

President.—Some Engineers may prefer to use hair belting and some leather belting. You cannot say such and such an industry uses hair belting and such and such an industry leather belting.

Mr. Gordhandas.—No.

Mr. Maloney.—The concerns are not probably confined to belting for driving purposes. I think there must be a lot produced for conveyor work. I doubt whether it can be entirely used for hair belting. I don't think our mills have used hair belting in great quantities produced by these two concerns and they would certainly have approached us, had it been a considerable industry.

President.—You turn out about half a lakh of lbs. a year.

Mr. Gordhandas.—Yes.

President.—Have you any idea of what the consumption of hair belting is?

Mr. Gordhandas.—The Bengal Belting Works consumes 8,000 lbs. a month and the Birkmyre Brothers 15,000 to 20,000 a month.

President.—That is 3½ lakhs a year.

Mr. Gordhandas.—Yes.

President.—What other textile company make belting yarn?

Mr. Gordhandas.—I do not know of any other concern which makes belting besides those I have mentioned.

President.—Question 23: I take it that your reconstruction has completely covered all the depreciation which should possibly have been provided in the past years and which you have not been able to put in your accounts.

Mr. Gordhandas.—Yes.

President.—The depreciation which you have written off is based, I take it, on the depreciated value.

Mr. Mehta.—Yes.

President.—On these rates which you have given us?

Mr. Mehta.—Yes.

President.—The figure seems to be a little high. I notice you suggest that if the machinery is run double shift, depreciation should be doubled.

Mr. Gordhandas.—Yes.

President.—Do you think that the depreciation on buildings as well as on the machinery should be doubled?

Mr. Mehta.—It should not be exactly doubled. It should be 50 per cent. more.

President.—Do you think that the actual damage, wear and tear to buildings is more, in double shift working?

Mr. Mehta.—Yes.

President.—Is that based on guess work?

Mr. Mehta.—Yes.

President.—You have got no experiences of double shift working.

Mr. Mehta.—No. The Ahmedabad Millowners' Association have been pressing for double depreciation.

President.—With the Income-tax Department?

Mr. Mehta.—Yes.

President.—They have not persuaded the Income-tax Department to agree.

Mr. Mehta.—No.

President.—I notice that your Managing Agency Agreement provides for the remuneration and profit before deduction of depreciation. I don't want to criticise the managing agents in this matter, but it seems to me curious to calculate profits before depreciation is provided for. Strictly speaking, there could be no profit until you deduct depreciation.

Mr. Mehta.—For the last so many years they have not taken anything.

President.—Unless the industry is doing well, the shareholders do not get any dividend.

Mr. Mehta.—The shareholders only put in their money, whereas the managing agents are actually working. They will not work for nothing.

President.—That may be an argument for giving them a fixed remuneration but not for calculating profits before depreciation.

Mr. Mehta.—Fixed remuneration is better than even 10 per cent.

Mr. Rahimtoola.—Not in all cases?

Mr. Mehta.—Not in all cases, but in this case it would be better.

President.—The interest on working capital is calculated at one per cent. above the Bank rate. The Bank rate has been $3\frac{1}{2}$ per cent.?

Mr. Mehta.—Yes.

President.—So, you have been paying $4\frac{1}{2}$ per cent.

Mr. Mehta.—Yes.

President.—The interest on working capital in your statement of costs is calculated at $4\frac{1}{2}$ per cent.?

Mr. Mehta.—Yes.

President.—Does that statement contain anything else under the head of interest?

Mr. Gordhandas.—That is only interest on borrowed capital.

President.—Is that working capital?

Mr. Gordhandas.—Yes.

President.—How do you calculate your working capital? Out of your total expenses what proportion would be required for your working capital? If your total expenditure of the year amounts to Rs. 10 lakhs what is your working capital likely to be? In most industries working capital is calculated on a proportion of the value of the output. It is not necessary to borrow money to finance the undertaking for the whole year because you begin to get returns back. It would be extravagant to borrow money for 12 months when you require it only for three months?

Mr. Gordhandas.—The interest is paid on the money borrowed from time to time.

President.—What I want to get at is: what do you consider in the woollen industry as a reasonable amount? If you could put it as a proportion of your total expenditure of the year it would be better.

Mr. Gordhandas.—That would depend upon the nature of the business. If the business is wholesale, then the proportion would be much smaller. If the nature of the business is retail where we have to keep large stocks to meet immediate requirements of retail customers, the proportion of working capital is larger. In our case it is 75 to 80 per cent.

President.—Of the total expenditure of the year?

Mr. Gordhandas.—Yes.

President.—The reason for that being that your returns come in at longer intervals?

Mr. Gordhandas.—It is not that our money comes in at longer intervals. We have to carry larger stocks to meet the immediate requirements of our customers.

President.—That is putting it in another way. You have to carry your stock for a longer period.

Mr. Mehta.—Our orders are only for four months in the year—I mean the actual deliveries are made during four months in the year.

Mr. Addyman.—Unless you have Government contracts?

Mr. Gordhandas.—We are getting Government orders. Those orders generally run for a full year. We have to carry stocks against such orders because the stipulation is that 75 per cent. of the total quantity required should be supplied within a fortnight after receipt of the information, so that we have to carry ordered goods in stock.

Mr. Mehta.—If we receive orders to-day they will not take their delivery in April or June.

Mr. Gordhandas.—We have recently received an order for blue serge worth about Rs. 80,000, but the stipulation is that we have to supply this stuff within a fortnight after notice or intimation. Of course, they give us an approximate idea as to when it will be required. At the same time they have this stipulation, so we have to carry the bulk of the supply practically in stock.

President.—And this intimation is given to you subsequent to placing the contract with you?

Mr. Gordhandas.—Yes.

President.—When do you get paid—once a year?

Mr. Gordhandas.—Within two months from the date of supply.

President.—Are the wages you pay in the Woollen Mill normal wages paid in the textile industry?

Mr. Gordhandas.—Slightly higher.

President.—What is the reason for that?

Mr. Gordhandas.—Because they don't get permanent or continuous work all the year round. As a matter of temptation or inducement, we have to give slightly higher wages to get trained men.

Mr. Mehta.—In the slack season we have to reduce our labour.

President.—Then the labour goes to cotton mill?

Mr. Mehta.—Yes.

President.—You have to induce them by offering a bit more, in the season.

Mr. Mehta.—Yes.

President.—How do you fix your efficiency standards in the Woollen Mill? How many Departments have efficiency standards?

Mr. Gordhandas.—Spinning and weaving.

President.—Not on the woollen side?

Mr. Gordhandas.—No.

Mr. Mehta.—We have got no regular work in the other departments.

President.—You say "We maintain efficiency standards in worsted spinning and weaving departments. About 25 to 33 per cent. of our labour attains this standard". Is your standard high or low?

Mr. Gordhandas.—It would depend upon the class of goods that we are producing. If it is finer cloth, we expect our workmen to attain 75 per cent. efficiency. If it is coarser woollen goods, tweed or rug, the efficiency would be 50 to 60 per cent. and our workers attain that efficiency.

President.—How do you start off?

Mr. Gordhandas.—100 per cent. is the maximum efficiency of the machine without any stoppages.

President.—And you require what percentage of that?

Mr. Gordhandas.—In finer sorts, our standard is fixed at 75 per cent.

President.—In coarser sorts?

Mr. Gordhandas.—It would depend upon the coarseness of the yarn used. If the count is very coarse, the efficiency would be smaller. If there are too many colours in the cloth, the efficiency would be smaller. It would also depend upon the nature of the cloth.

President.—Is that due to inexperience of your labour?

Mr. Gordhandas.—It is due to constant changes. If there are too many colours and if the count to be used is coarser, it would involve greater changes. It would involve stoppage of shuttles and the loom.

President.—Is it a more difficult form of work?

Mr. Gordhandas.—Yes.

President.—It is not necessarily a reflection on the capacity of your labour?

Mr. Gordhandas.—No.

President.—Are you satisfied that you have reached a reasonable standard? in numbers of labour?

Mr. Gordhandas.—Yes, having regard to the existing circumstances.

President.—You are handicapped of course—I realise that—by not being able to work for 12 months in the year but apart from that I want to know whether you can expect that the 12 months' working would reduce your labour charges very much.

Mr. Gordhandas.—Yes, and it would also increase the efficiency of our labour.

President.—You would require less labour in number and also such labour as you retain would be more efficient and consequently produce greater output.

Mr. Gordhandas.—Yes.

Mr. Mehta.—Yes, if we give them permanent work.

President.—That is obvious. I was really driving at the efficiency of Indian labour. Perhaps as your labour only works for a part of the year, you have not really had full time experience.

Mr. Gordhandas.—If we work for 12 months continuously, the improvement would be felt in two directions. In the first place the efficiency of our labour would increase by continuous work and in the second place by our labour getting greater training and acquiring greater efficiency, we can reduce the number of men.

President.—Talking of housing you say that the close proximity of the Development Chawls made it unnecessary for you to provide your labour with housing?

Mr. Gordhandas.—Yes.

Mr. Rahimtoola.—Do they live independently of the mill?

Mr. Gordhandas.—Yes.

Mr. Rahimtoola.—The mill has not taken any contract of the Chawls?

Mr. Gordhandas.—That is not possible because the mill is not working full time. When we receive orders only we work.

Mr. Rahimtoola.—That point was not quite clear, so I asked.

President.—They make their own arrangements for housing?

Mr. Gordhandas.—Yes.

President.—On page 18 you refer to the sale of Japanese Berlin wool sold under Parrot Ball Brand. Is it superior to yours?

Mr. Gordhandas.—Slightly superior to our Parrot Brand.

President.—Do you think that they deliberately copy your brand?

Mr. Gordhandas.—Yes.

President.—Does the trade mark resemble your own?

Mr. Gordhandas.—Very much like ours.

President.—And it is a superior type?

Mr. Gordhandas.—Slightly superior.

President.—What about the price?

Mr. Gordhandas.—Considerably cheaper.

President.—Considerably lower than yours?

Mr. Gordhandas.—Yes.

President.—As regards sizing flannels, and clearer cloth to which you refer, is there anything new in the manufacture of these?

Mr. Gordhandas.—Nothing new.

President.—At present it is excluded from the normal rate of duty?

Mr. Gordhandas.—Yes.

President.—Because it is required for manufacture, it is admitted at 10 per cent.

Mr. Gordhandas.—Yes.

President.—Is it a new undertaking?

Mr. Gordhandas.—So far as we are concerned, we have been manufacturing from 1931.

President.—On a commercial scale?

Mr. Gordhandas.—Yes.

President.—Is it a common practice of the mills to make either of these articles for their own use?

Mr. Gordhandas.—Sizing flannels are consumed in cotton mills. They cannot manufacture it.

President.—Is the output of yours and other mills big enough to supply the whole cotton trade?

Mr. Gordhandas.—We can supply the entire demand of the cotton textile trade by working a small proportion of our looms.

Mr. Addyman.—6 looms?

Mr. Gordhandas.—Yes.

President.—Is the demand very big?

Mr. Gordhandas.—About 120,000 yds.

Mr. Rahimtoola.—At present your Woollen Mill is a branch of Sir Shapurji Broacha Mills?

Mr. Gordhandas.—Yes.

Mr. Rahimtoola.—The agents are the Provident Investment Company.

Mr. Mehta.—Yes.

Mr. Rahimtoola.—Who are the partners in the Provident Investment Company?

Mr. Mehta.—The Gwalior Durbar.

Mr. Rahimtoola.—I find in the balance sheet that Mr. F. E. Dinshaw has signed as a Director?

Mr. Mehta.—He is a Director.

Mr. Rahimtoola.—On behalf of the Agents, he has signed.

Mr. Mehta.—He has signed in the capacity of a Director.

Mr. Rahimtoola.—He has signed his name below the Agents.

Mr. Mehta.—He represents the firm of Provident Investment Company. He is a Director of the Provident Investment Company.

Mr. Rahimtoola.—I am now confining myself to the Provident Investment Company.

Mr. Mehta.—The Provident Investment Company are the agents of Messrs. Sir Shapurji Broacha Mills. Mr. F. E. Dinshaw apart from being a Director of Messrs. Sir Shapurji Broacha Mills is also a Director of the Provident Investment Company, Limited.

Mr. Rahimtoola.—But that Company entirely belongs to the Gwalior State.

Mr. Mehta.—Yes.

Mr. Rahimtoola.—With regard to the share capital of the old Company, I find that the debt has been turned into a share capital even of Madhowji Dharamsi Manufacturing Company.

Mr. Mehta.—Yes.

Mr. Rahimtoola.—They took the money due to them in the shape of shares in the new company?

Mr. Mehta.—Yes.

Mr. Rahimtoola.—And the shares are exactly in proportion to their debts?

Mr. Mehta.—Yes.

Mr. Rahimtoola.—Because I find that the debt by Messrs. Madhowji Dharamsi Manufacturing Company was Rs. 6,63,242 and they have taken shares to the value of Rs. 6,82,400.

Mr. Mehta.—Yes.

Mr. Rahimtoola.—I find that the price you have paid for tops in 1934 is higher than in previous years. Is it due to the general rise of price or is it due to the quality which is better than in previous years?

Mr. Gordhandas.—Both.

Mr. Rahimtoola.—Even in East Indian wools?

Mr. Gordhandas.—In East Indian wools, the prices have increased. That is because of the general rise in prices. In the case of East Indian wools, a higher price is asked for on account of the general rise in price. In the

case of tops, it is on account of the general rise and also because of our using better class of wool.

Mr. Rahimtoola.—Then what you have been using in previous years?

Mr. Gordhandas.—Yes.

Mr. Rahimtoola.—With regard to your answer to question 17, you have given us the annual output of finished goods in lbs., and in question 18 you have shown us the unsold stocks in various years, but I don't find the comparison rather satisfactory. If you take the total of 1930-31 detailed costs, it comes to Rs. 3,93,000 whereas the unsold stocks amounts to Rs. 3,98,000.

Mr. Gordhandas.—In our reply to question 17, items of cotton goods and yarn are not included.

Mr. Rahimtoola.—Yarn and cotton goods hardly come to Rs. 3,400. These are two different things; the first reply represents production whereas your answer to question 18 shows unsold goods. Unsold goods must be included in the total production? Take the other years also. You will have to deduct things sold and the rest remains unsold.

Mr. Gordhandas.—Yes. If you will refer to our profit and loss account that statement gives the total production of cloth, yarn and hosiery; these were productions of the particular year and statement 18 shows the unsold balance.

Mr. Rahimtoola.—My idea was to find out what proportion generally remains unsold in a year.

Mr. Gordhandas.—25 per cent. generally.

President.—But your carry over has never been very much less than your total production: that is because of accumulations of past years, is it? In 1933-34 the carry over was Rs. 6 lakhs.

Mr. Gordhandas.—Statement 17 is in lbs. and statement 18 is in rupees.

President.—I see. We cannot compare them.

Mr. Rahimtoola.—With regard to mixtures you have brought up a point which is insisted upon by the Indian Stores Department namely "the specifications of the Indian Stores Department expressly forbid admixture of foreign material in the supplies to be made against Government orders".

Mr. Gordhandas.—The articles supplied should be free from admixture of foreign material such as reclaimed wool and so on. They want articles made of pure wool; it may be Indian wool or foreign wool or manufactured out of tops, but they must not contain any cotton waste or jute waste or any other fibre.

Mr. Rahimtoola.—In answer to question 24 you have expressed your difficulty with regard to standardisation. You have showed us the difficulty with regard to standardisation. You have showed us the difficulty with regard to turning out standard qualities. Is it due to Japanese competition principally?

Mr. Gordhandas.—Japanese competition. Then again fashions and styles are changing so often that it is difficult to stick to particular standards. Styles are changing every year, so that the same style hardly continues for two years or more.

Mr. Rahimtoola.—With regard to working capital being provided by the Shapurji Broacha Mills, this is part of the agreement with regard to amalgamation?

Mr. Gordhandas.—Yes. But since the Indian Woollen Mills are a branch of the Shapurji Broacha Mills we draw from Shapurji Broacha mills whatever we require.

President.—In your statement of realised prices you refer to severe competition from the Maharani Mills of Baroda; they have liquidated since?

Mr. Gordhandas.—Yes.

President.—Are their goods being sold by auction?

Mr. Gordhandas.—They are sold by auction in the market. The stocks have already been sold off; now the dealers who bought the goods may be still carrying some stock and selling them.

Mr. Rahimtoola.—With regard to statement 9 you say in serges you have internal competition; is there any foreign competition with regard to serges?

Mr. Gordhandas.—With regard to the particular serge there is foreign competition but for a greater proportion there is internal competition.

Mr. Rahimtoola.—Practically there is not much foreign competition?

Mr. Gordhandas.—In the year 1933-34 prices of raw material have gone up considerably but in spite of that there is a fall in the price of serge.

Mr. Rahimtoola.—That means that prices of raw materials have gone up whereas competition in 1933-34 shows a steady decline in prices. Prices are down 1 find in 1931-32 and 1932-33 also.

Mr. Gordhandas.—Yes, mostly because of Japanese competition. It has been very severe except for blankets and rugs which are Italian.

Mr. Rahimtoola.—With regard to the commissions that you are paying, are you also paying the expenses of the canvassers and sub-agents?

Mr. Gordhandas.—We are not paying them any other expenses; they do it at their own cost.

Mr. Rahimtoola.—You pay commissions on various qualities at various rates? On knitting yarn you pay 4 per cent., on weaving and hosiery yarn 2 per cent. and so on.

Mr. Gordhandas.—Weaving and hosiery yarn is a wholesale line; knitting yarn is a fancy line and therefore we have to pay a little higher rate.

Mr. Mehta.—On piecegoods we pay 4 per cent.

Mr. Rahimtoola.—Are the prices quoted to agents fixed ones?

Mr. Gordhandas.—We have got fixed rates and we have got a scale of discount depending upon the quantity of orders by an individual. If the order is a larger one he gets a greater discount.

Mr. Rahimtoola.—I was thinking of selling through agents. How do you manage to fix rates for them?

Mr. Gordhandas.—We have got fixed prices, subject to the scale of discount depending upon the orders placed by a client.

Mr. Rahimtoola.—And they have got to sell at these prices and get their commissions?

Mr. Gordhandas.—Yes, but their own commission is fixed.

Mr. Rahimtoola.—With regard to your supplies to the Government of India, municipalities, railways and so on, I suppose with regard to the quality of the Indian article they have no fault to find?

Mr. Gordhandas.—Absolutely none.

Mr. Rahimtoola.—And you are able to supply all the requirements for which tenders are called?

Mr. Gordhandas.—The majority of them.

Mr. Rahimtoola.—When they issue a tender they give various qualities and they fix various standards for these qualities; are the Indian mills capable of supplying all the qualities, apart from your own mill?

Mr. Gordhandas.—Except one or two items the Indian mills are in a position to supply all the requirements of the Government of India, municipalities and other public bodies.

Mr. Rahimtoola.—Can you name one or two qualities?

Mr. Gordhandas.—Serges, khaki cloth, great coat cloth, blue serge; these are the things which we supply.

Mr. Rahimtoola.—I want to know which you cannot supply.

Mr. Gordhandas.—Blue flannel and khaki waterproof great coat cloth.

Mr. Rahimtoola.—What are the inherent disabilities with regard to these?

Mr. Gordhandas.—With regard to flannel it can only be manufactured on a special plant; as regards khaki waterproof that is under experiment. It is only during the last two or three years that Government have written to us about it. Some mills have succeeded and have got orders. In our own place it is in an experimental stage and we hope to manufacture it.

Mr. Addyman.—What is the difficulty at the moment?

Mr. Gordhandas.—Quality, finish and shade; shade is a very important item. Besides that the Army Department are very particular of having one standard; they will not allow any variation in it.

Mr. Rahimtoola.—You have stated your difficulty with regard to recruiting skilled labour. Is it because you are not working whole time?

Mr. Gordhandas.—Yes.

Mr. Rahimtoola.—Trained labour is available in India?

Mr. Gordhandas.—They can be trained; it would not take very long. The trouble is that our mills are working only part of the year and as soon as the work is finished they are sent away.

Mr. Rahimtoola.—It means that it is not really available.

Mr. Gordhandas.—No because they get employed in other mills.

Mr. Rahimtoola.—There is no surplus on which you can draw.

Mr. Gordhandas.—That is so; that is because we cannot give them regular employment.

Mr. Rahimtoola.—With regard to question 32 you say it is difficult to give running prices of the same quality.

Mr. Gordhandas.—The same quality does not run for two seasons; a particular quality running this year may not be running next year.

Mr. Rahimtoola.—Therefore you cannot give prices for a number of years of the same quality?

Mr. Gordhandas.—That is so. There can be no comparison.

President.—Does that apply to all types of goods?

Mr. Gordhandas.—To most of the piecegoods supplied by us.

President.—To some extent does that apply to blankets also?

Mr. Gordhandas.—To some extent; but we are not largely manufacturing blankets.

Mr. Rahimtoola.—You say you have worked jointly with Raymond Woollen Mills in obtaining samples and quotations of certain typical lines of imported goods which compete with your products. Do I understand you are concentrating more or less on the same designs as the Raymond Mills?

Mr. Gordhandas.—No. This was for the purpose of your enquiry.

Mr. Rahimtoola.—In answer to question 35 you say "There are no serious difficulties in the manufacture in India of finer qualities of worsted goods". That means, given adequate protection for a fixed period of years India would be in a position to manufacture all the finer qualities of worsteds?

Mr. Gordhandas.—Yes.

Mr. Rahimtoola.—Your case is that given adequate protection for a fixed period of years India could produce all the finer qualities of worsted goods?

Mr. Gordhandas.—Yes.

Mr. Rahimtoola.—You have made a great complaint about Indian wool. I suppose you refer to the purely Indian, not East Indian wool.

Mr. Gordhandas.—That applies both to Indian as well as East Indian.

Mr. Rahimtoola.—To what extent would you classify them? I would like to have some distinction made between Bikaner, Joria and Busra wool.

Mr. Gordhandas.—Those wools that are grown purely in India I would call Indian wool but so far as Liverpool market is concerned they are classifying under this heading Busra and other wools as East Indian wool.

Mr. Rahimtoola.—How does the quality of Indian wool compare?

Mr. Gordhandas.—Since we are producing superior classes of goods we are using Joria and Bikaner and at times when we get orders for yarns for barrack blankets from the jails, we use Adoni, Poona and Khandesh. That wool is very dirty, short stapled and mixed with dirt and dung. Even in the case of Joria we find admixture of lower qualities. It contains sometimes some proportion of dead hair and we find considerable difficulty in dyeing that wool.

Mr. Rahimtoola.—What are your suggestions with regard to the improvement of Indian wool? I suppose you admit that it can be improved?

Mr. Gordhandas.—Yes.

Mr. Rahimtoola.—Do you think that a part of the duty, if protection is granted, should be used for research?

Mr. Gordhandas.—A part of the duty recovered from imported manufactured goods, I should say the whole of it, or as much of it as is necessary for improving the quality of wool, should be set apart for this purpose.

Mr. Rahimtoola.—But you are strongly opposed to the import duty on wool?

Mr. Gordhandas.—Yes, because it would increase the cost of manufacture.

Mr. Rahimtoola.—Supposing adequate compensation was given in the shape of import duty on finished material, then what are your views?

Mr. Mehta.—Unless the quality of the Indian wool is improved, that would be unnecessarily increasing the cost to the consumer.

Mr. Rahimtoola.—You have mentioned about the developments which have taken place with regard to the quality of wool in South Africa.

Mr. Gordhandas.—Yes. South Africa was not producing merino wool before to the same extent as they do now. From the periodicals we receive from Bradford and other markets, we find that great improvements have taken place in South Africa.

Mr. Rahimtoola.—Have you ever got it examined chemically—any of the blankets or rugs manufactured by foreign countries?

Mr. Gordhandas.—We have not examined it chemically. At the present moment having regard to the intense competition in rugs and blankets we have given up manufacturing blankets and have reverted to other lines of piecegoods.

Mr. Rahimtoola.—You have never examined the material that is being imported.

Mr. Gordhandas.—So far as the proportion of foreign material is concerned, we have examined it at different times.

Mr. Rahimtoola.—You have never come across jute.

Mr. Gordhandas.—No.

Mr. Rahimtoola.—You have complained about railway freight in answer to question 42. Have you ever brought this to the notice of the Railway Authorities?

Mr. Gordhandas.—No.

Mr. Rahimtoola.—Can you give us an idea as to what the approximate percentage of reduction in freight you think is necessary to help the Indian wool? Have you gone into those figures?

Mr. Gordhandas.—I have not gone into the figures. The price of Indian wool is about 4–5 annas a lb. The railway freight would depend upon the distance but on an average it comes to about half an anna. Proportionately it is high.

Mr. Rahimtoola.—Can you work it out?

Mr. Gordhandas.—Yes, I will obtain the information and send it later on.

Mr. Batheja.—You reconstructed the capital of the Company in 1933. In reply to a question from the President, you gave us an idea of how you arrived at your value of land and buildings and so on. May I know in what way you valued your machinery assets?

Mr. Mehta.—It is more or less on the basis of experts' valuation.

Mr. Gordhandas.—An expert was brought from England to value the woollen and cotton mills. He came in 1931 and valued the buildings according to his own ideas. At the time of reconstruction the valuation was made on that basis.

Mr. Batheja.—Have the prices of wool machinery remained the same since 1931 or have they undergone some changes?

Mr. Gordhandas.—No material changes have taken place, although we have not purchased any machinery since 1931. Prices according to our information have not varied very much.

Mr. Batheja.—1931 was an abnormal year. Prices of most of the things have changed since that time.

Mr. Gordhandas.—Prices of machinery may have recently gone up on account of the general rise in prices of steel or iron.

Mr. Batheja.—Do you think if they have changed at all, they have changed for the better?

Mr. Gordhandas.—Yes.

Mr. Batheja.—Would that imply that your machinery is undervalued?

Mr. Gordhandas.—No.

Mr. Batheja.—You are quite satisfied that that valuation as given in your balance sheet is correct.

Mr. Gordhandas.—Yes after providing for depreciation of all the past years this is a fair valuation.

Mr. Batheja.—On that valuation your balance sheet shows some profit.

Mr. Gordhandas.—Yes.

Mr. Batheja.—In reply to question 12, you have said that the bulk of the yarn produced by you is consumed by you. Are you in a position to supply more yarn for the Indian market?

Mr. Gordhandas.—Yes.

Mr. Batheja.—Are you in a position to supply all the qualities demanded by the Indian market, say, for hosiery purposes, piecegoods purposes, shawls and so on?

Mr. Gordhandas.—Yes.

Mr. Batheja.—Are your qualities the same as imported varieties?

Mr. Gordhandas.—Question No. 12 pertains to woollen yarn consumed by the mill.

Mr. Batheja.—I am talking of yarn generally. How will the quality of your yarn compare with the quality of yarn imported from abroad and used by the Indian industry?

Mr. Gordhandas.—Except for 60s our qualities are practically as good as the imported ones.

Mr. Batheja.—Do you think the only difference is one of price?

Mr. Gordhandas.—Yes.

Mr. Mehta.—For finer counts we shall require different machinery.

Mr. Batheja.—For what counts?

Mr. Mehta.—Above 60s.

Mr. Batheja.—Have you any idea of the extent of the demand of counts 60s and above?

Mr. Gordhandas.—There is a good demand from the Punjab. Counts over 64s are consumed only for piecegoods and not for hosiery.

Mr. Batheja.—You are satisfied that there is a large and growing market for this yarn.

Mr. Gordhandas.—Yes.

Mr. Batheja.—Do you maintain that with the present equipment you will not be able to supply the Indian demand for such counts?

Mr. Gordhandas.—It would require some additions.

Mr. Batheja.—What modifications would be necessary in your plant and machinery to meet this demand? Can you give some idea?

Mr. Gordhandas.—Yes. We can give you the particulars.

Mr. Batheja.—Would you be able to supply us with a considered statement on that?

Mr. Gordhandas.—Yes. With regard to the question of profit raised by you, the profit shown in the balance sheet is the combined profit of woollen and cotton mills and no depreciation has been provided.

Mr. Batheja.—You have provided for depreciation after the capital has been reconstructed.

Mr. Gordhandas.—Yes. The profit is for the cotton and woollen mills combined.

Mr. Rahimtoola.—The profit of Sir Shapurji Broacha Mills?

Mr. Gordhandas.—Yes.

Mr. Rahimtoola.—Because the other is a branch.

Mr. Gordhandas.—Yes.

Mr. Batheja.—Do I take it that with this capital valuation depreciated to the same extent as in the last balance sheet, the woollen section will be undergoing a loss?

Mr. Gordhandas.—Yes, due to increased competition.

Mr. Batheja.—Let us consider the present facts. Competition may increase or may decrease, but with the present facts, the woollen section will not show a profit.

Mr. Gordhandas.—No.

Mr. Batheja.—Would you prefer to give answers to such questions confidentially?

Mr. Gordhandas.—I shall give that to you in the afternoon.

Mr. Batheja.—Can you give some approximate idea as to how much modifications in your yarn machinery equipment will cost?

Mr. Gordhandas.—You have asked for a considered statement.

Mr. Batheja.—You cannot give an approximate idea of the additional expense under this head at this stage.

Mr. Gordhandas.—I would prefer to give you a considered statement.

Mr. Batheja.—Is your mill in a position to manufacture blanket yarn for the handloom industry?

Mr. Gordhandas.—Yes.

Mr. Batheja.—Have you ever supplied blanket yarn to the handloom industry?

Mr. Gordhandas.—I have just now mentioned that we have been supplying jails with blanket yarn which is used on handlooms in the jails and we can supply blanket yarn for trade also.

Mr. Batheja.—You have got enough equipment for that purpose?

Mr. Gordhandas.—Yes.

Mr. Batheja.—Have you done large amount of business in this yarn before?

Mr. Gordhandas.—No.

Mr. Batheja.—Have you received many enquiries?

Mr. Gordhandas.—I have not received many enquiries.

Mr. Batheja.—We understood from the United Provinces Government representative yesterday that there is a growing market for blanket yarn which certain mills are unwilling to supply.

Mr. Gordhandas.—So far as we are concerned we would be willing to supply any yarn for anybody.

Mr. Batheja.—Of any skein?

Mr. Gordhandas.—Yes.

Mr. Batheja.—Have you had any complaint from the trade about the quality of yarn which you have been selling so far?

Mr. Gordhandas.—I have not heard of any serious complaint from the trade.

Mr. Batheja.—They are all satisfied excepting as regards prices.

Mr. Gordhandas.—Yes.

Mr. Batheja.—We came across some complaints in the Punjab. Do you receive enquiries from the Punjab?

Mr. Gordhandas.—We do receive enquiries and we are supplying.

Mr. Batheja.—Did you receive more enquiries in the boycott days?

Mr. Gordhandas.—We received in those days and we supplied.

Mr. Batheja.—Were you able to supply the orders in full?

Mr. Gordhandas.—Generally yes, but when we receive orders for quick delivery and if we cannot supply yarn in time, we inform the party, or if the party is not financially sound, then we don't supply.

Mr. Mehta.—If we are full with orders, we have to say that we cannot supply.

Mr. Batheja.—Have you any reason to suppose that the demand from the Punjab on the Indian mills has remained unsatisfied?

Mr. Gordhandas.—Except in the case of price. The Indian mills cannot compete in price with Japanese. So far as the quality is concerned, the Indian mills can cope with the demand for yarn.

Mr. Batheja.—Were they able to compete before the influx of Japanese yarn?

Mr. Gordhandas.—So far as we are concerned we have excepting in cases where the party is not financially sound, supplied yarn against most of the enquiries. I don't remember of any enquiry against which we have not been able to supply yarn excepting for that particular reason.

Mr. Batheja.—It may be that the orders have not come to you. Have you explored the market?

Mr. Gordhandas.—We have there a permanent selling agent who has sub-agents in different places. This is what we have done there.

Mr. Batheja.—Leaving aside the competition of Japanese yarn, will you be able to compete with non-Japanese yarn?

Mr. Gordhandas.—Under fair conditions yes.

Mr. Batheja.—What do you mean by fair conditions?

Mr. Gordhandas.—Any other country might depreciate its currency at a later stage.

Mr. Batheja.—Let us leave aside that factor for the present. Were you able to compete with non-Japanese yarn before the influx of Japanese yarn?

Mr. Gordhandas.—We were not manufacturing yarn very largely, up to 1930. Leaving aside Japan under normal conditions we can compete with any other country.

Mr. Batheja.—You have not probably explored the market before for yarn.

Mr. Gordhandas.—That is not so.

Mr. Batheja.—You have not gone there looking out for orders.

Mr. Gordhandas.—We have got agents all over India. We have 40 agents. There is not a single important place left in India where we have not got an agent.

Mr. Batheja.—Do they go out to secure orders for yarn?

Mr. Gordhandas.—They go out from door to door canvassing orders.

Mr. Batheja.—Please refer to your answer to question No. 14. In the question you are asked to distinguish as far as possible between indigenous wool and other East Indian wool. You have not done so here. I want to know how much Indian wool has been consumed.

Mr. Gordhandas.—That question was not asked in the questionnaire.

Mr. Batheja.—Question 14 reads as follows:—"What has been the annual consumption in your mill in (a) worsted and (b) woollen sections of raw wool since 1922-23 (or the date of commencing to work if later than this):—

A. East India. B. Imported.

(If you are able to differentiate Indian from 'East India' wools, please do so.) Show imported tops separately."

Mr. Gordhandas.—I am sorry, I misunderstood the question. I thought you only wanted us to mention which wool would come under the classification of Indian wool and which would come under the classification of East Indian wool.

Mr. Batheja.—All Indian wool will come under the classification of East Indian wool.

Mr. Gordhandas.—Bursa wool is not an Indian wool, but comes under the classification of East Indian wool.

Mr. Batheja.—All that we wanted was your consumption figures of purely indigenous wool.

Mr. Gordhandas.—I can supply that information.

Mr. Batheja.—Can you say, what proportion does your consumption of pure indigenous wool bear to your consumption of East Indian wool?

Mr. Gordhandas.—We have been consuming of late a greater proportion of purely indigenous wool.

Mr. Batheja.—I notice from your figures that in 1931 and 1932 your consumption of East Indian wool has declined very much.

Mr. Gordhandas.—The reason is we have been manufacturing finer sorts which cannot be manufactured out of East Indian or Indian wool.

Mr. Batheja.—Do I take it that in your opinion—I am not talking of other people's opinion—there is not enough Indian wool for manufacturing high class and fine quality goods?

Mr. Gordhandas.—It is not sufficiently soft.

Mr. Batheja.—I want to know whether the supplies of Indian wool for superior kind of manufactures are available in your opinion and if so to what extent?

Mr. Gordhandas.—Supply for superior class of goods is not available. Only medium class of goods can be manufactured out of Indian wool.

Mr. Batheja.—Have you any idea of the rough proportions of Indian demand for superior class of goods and for inferior class of goods?

President.—I gather from what you say that no East Indian wool can be used for making superior class of goods. At the most, it can be used in the manufacture of inferior worsted and medium worsted goods. The lowest class can only be used for inferior woollen goods.

Mr. Gordhandas.—Yes.

President.—My colleague wants to know what proportion of Indian wools can be used for the inferior worsted and medium worsted class of goods?

Mr. Gordhandas.—It would be difficult for me to answer that question because I am not interested in inferior class of goods. I am manufacturing medium class of goods out of Indian and East Indian wool.

Mr. Batheja.—You are manufacturing superior class of goods.

Mr. Gordhandas.—Yes.

Mr. Batheja.—Do I take it that you have not got the necessary raw material for that class of work in this country?

Mr. Gordhandas.—That does not imply that. I cannot manufacture the class of goods I am turning out or even better class of goods from Indian wool.

Mr. Batheja.—Do I take it that you have not got the Indian raw material for the class of goods in which you are specialising?

Mr. Gordhandas.—Yes, you may take it that way.

Mr. Batheja.—You are probably aware that one of the conditions laid down by the Fiscal Commission for granting protection is that the industry must have the raw material in the country.

Mr. Gordhandas.—But the raw material in the country can be improved.

Mr. Batheja.—We shall discuss that question later on when we come to the question of protection.

Mr. Gordhandas.—Yes.

Mr. Batheja.—Do you expect to improve the supply of good quality Indian wool?

Mr. Gordhandas.—Yes.

Mr. Batheja.—Suitable for your class of manufacture?

Mr. Gordhandas.—There is no reason why it could not be improved.

Mr. Batheja.—In how much time do you think that this development will take place?

Mr. Mehta.—We cannot say that.

Mr. Batheja.—That is to say, for an indefinite period, your raw material will not be forthcoming?

Mr. Mehta.—It will all depend upon the efforts made towards improvement.

Mr. Rahimtoola.—And the money available?

Mr. Gordhandas.—Yes. That is beyond our province.

Mr. Batheja.—I want to draw the logical conclusion. If you can not say that the raw material for your class of manufactures will be available in the country, then I take it that you cannot say definitely when you will be able to make your industry self-supporting?

Mr. Gordhandas.—Having regard to the improvements effected in the quality of wool in other countries, I don't think it should take an indefinite time to improve the quality here.

Mr. Batheja.—That is why I want you to give me an idea of the period within which the improvement can take place?

Mr. Gordhandas.—I cannot say.

Mr. Mehta.—It will depend on somebody else.

Mr. Batheja.—Then the demand of the industry for protection is not for an indefinite period?

Mr. Gordhandas.—That is so with regard to the manufacturing side. As regards the improvement of the quality of wool, it will depend on efforts made.

Mr. Batheja.—You have said that certain classes of East Indian wool can be used in the manufacture of worsted yarn and worsted piecegoods.

Mr. Gordhandas.—Yes.

Mr. Batheja.—What East Indian wools are suitable for this purpose?

Mr. Gordhandas.—Busra, Baghdad and Tibet.

Mr. Batheja.—Are they not foreign wools?

Mr. Gordhandas.—If you take Tibetan wool as foreign wool, it will be foreign wool.

Mr. Addyman.—You cannot say that Tibetan wool is foreign wool. It comes under the designation of East Indian wool.

Mr. Gordhandas.—I don't. Most of it comes from the border land.

Mr. Batheja.—How much Tibetan wool is available for this purpose?

Mr. Gordhandas.—I think 10 to 15 lakhs of lbs.

Mr. Batheja.—All suitable for worsted?

Mr. Gordhandas.—The bulk of it is suitable for worsted.

Mr. Batheja.—I want to know the amount available for worsted, for fine high class manufacture?

Mr. Gordhandas.—For high class manufacture it is not available.

Mr. Batheja.—Say for worsted?

Mr. Gordhandas.—Up to 10 lakhs of lbs. it is available for worsted manufacture.

Mr. Batheja.—You have given the prices of Indian wool and imported wool in reply to question 16. Generally the prices vary reaching the lowest level in 1932 and 1933. Am I correct?

Mr. Gordhandas.—Are you referring to imported wools?

Mr. Batheja.—Let us take imported wools first. Can you explain the causes of variation? Is it known to you why the prices fluctuate in that manner?

Mr. Gordhandas.—It is due to demand and supply.

Mr. Batheja.—Was this due to the Australian factor? Was the Australian exchange in any way responsible for it?

Mr. Gordhandas.—There was fluctuation in the Australian exchange. The East Indian wool and Australian wool do not compare, because they are not identical wools at all.

Mr. Batheja.—I am sorry I was looking at tops. Where do you get your tops from?

Mr. Gordhandas.—From Bradford and Australia.

Mr. Batheja.—From which place do you get your major portion?

Mr. Gordhandas.—Bradford.

Mr. Batheja.—You are not aware of Australian exchange factors having entered into the question of prices?

Mr. Gordhandas.—So far as prices of tops are concerned, yes. If we import Australian tops from Australia it is due to the favourable exchange. Normally Australia cannot compete with Bradford.

Mr. Batheja.—I have been trying to get Australian exchange figures from the League of Nations' publications.

Mr. Gordhandas.—I have got them.

Mr. Batheja.—Can you give them to us going as far back as possible?

Mr. Gordhandas.—Yes.

Mr. Batheja.—Do the prices of Indian wools move in sympathy with those of Australian wool? What is your experience on that point?

Mr. Gordhandas.—The prices of Indian wool do not move in sympathy.

Mr. Batheja.—I am talking of Indian wools which you are using. I am not talking of South Indian wools which are used for blankets. Confining our attention for the time being to North Indian wools used for worsted purposes, do the prices of Indian wools move correspondingly with imported wool?

Mr. Gordhandas.—No.

Mr. Batheja.—Do they follow independently?

Mr. Gordhandas.—They are used for different purposes.

Mr. Batheja.—There has not been even a rough influence?

Mr. Gordhandas.—Indirectly it might have a small influence. At times Australian wool will be selling at a higher price than East Indian and at times Jorlah will be selling at a higher price.

Mr. Batheja.—I am not talking of East Indian wool in general. I am talking of Indian wool. Have you been using any other Indian wool besides Jorlah?

Mr. Gordhandas.—We have been using Fazilka wool and wool from Delhi side.

Mr. Batheja.—That is generally mixed or is it Bikaner wool?

Mr. Gordhandas.—I am referring particularly to Fazilka wool. It is not mixed with frontier wool.

Mr. Batheja.—I know not much frontier wool comes to Fazilka. It mostly comes to Shikharpur. What prices have you paid for Fazilka wool?

Mr. Gordhandas.—5 annas to 5 annas 6 pies.

Mr. Batheja.—Is it inferior to Jorlah?

Mr. Gordhandas.—Yes.

Mr. Batheja.—In which respect?

Mr. Gordhandas.—In softness.

Mr. Batheja.—Is there much wastage?

Mr. Gordhandas.—We are purchasing Jorlah in clean condition.

Mr. Batheja.—In greasy condition, what would be the price of Jorlah wool?

Mr. Gordhandas.—By clean condition I mean not in the original packing. In the original packing it is mixed with burrs and all the colours are mixed up. Afterwards the colours are separated and the burrs are removed. That is the condition in which we purchase.

Mr. Batheja.—I am not sure that prices of Jorlah wool which you have given are not somewhat higher than the prices in some statistical returns?

Mr. Gordhandas.—It may be due to the reason that that price may be for the wool in the original condition. This is the price for the wool in clean condition.

Mr. Batheja.—What is the price of Jorlah wool in original condition?

Mr. Gordhandas.—It may be one or two annas lower.

Mr. Batheja.—It is higher than the price of Khandahar wool which is four annas.

Mr. Gordhandas.—The Khandahar wool will yield less.

Mr. Batheja.—I want to understand the reason for the difference in price?

Mr. Gordhandas.—It will yield less than Jorlah wool.

Mr. Batheja.—Did you deal with the question of mixtures about which my colleagues asked you many questions. When you were producing mixtures in your own mill, were you able to do better business?

Mr. Gordhandas.—In 1929-30. The experiment was not a success.

For Batheja.—For some time you produced blankets made partly of cotton and partly of wool?

Mr. Gordhandas.—Yes.

Mr. Batheja.—You gave it up for technical reasons which you have explained here, but as long as you were producing mixtures, were you able to hit the taste of the market better?

Mr. Gordhandas.—The manufacture was made as an experiment. We made the experiment only once. There was only one contract for this mixture. Then the difficulties came and we stopped.

Mr. Batheja.—You did not produce on an economic basis?

Mr. Gordhandas.—Yes.

Mr. Batheja.—You did not test the market whether it would bring you more profit or not?

Mr. Gordhandas.—Because of the difficulties we gave up the manufacture of mixture.

Mr. Batheja.—In Bradford and other places the mills devoted to mixtures are entirely separate concerns? Is that your experience?

Mr. Gordhandas.—I have not got experience of what is done in those places but from what I have heard it appears that they are specialising in particular lines; certain people confine to mixtures, some do the dyeing, some do the finishing and so on.

Mr. Batheja.—Your difficulty is that you are not able to specialise on account of the size of the market

Mr. Gordhandas.—And the shortness of the cold season.

Mr. Batheja.—And you don't want to lose the army orders?

Mr. Gordhandas.—There is no alternative. We have got to keep the mills going and we have to take any orders that come in.

Mr. Batheja.—You carry stocks to satisfy small orders, don't you? Have you investigated the question that your interest charges on working capital would be very much lower if you sold your goods on a wholesale basis and did not carry stocks so long because what you might be gaining in the shape of getting better off-take, you might be losing heavily in the shape of interest on working capital?

Mr. Gordhandas.—From our own experience we thought this a better proposition. Some of the other woollen mills are not working on the same lines as we are working and when you examine them you will be able to determine for yourself which is a better system.

Mr. Batheja.—That is of course not the normal way; do they do this in the cotton section?

Mr. Gordhandas.—In the cotton section they are doing mostly on wholesale lines because they have got a market for the whole year whereas our market is only for a short period.

Mr. Batheja.—Have you considered whether the difficulty in sales is due to the fact that you have failed to hit the taste of the market?

Mr. Gordhandas.—That is not the case because most of our lines are changing with the change in the taste of the consumer. The largeness of the stock is on account of our having increased the number of varieties.

Mr. Batheja.—They are all in great demand?

Mr. Gordhandas.—Yes.

Mr. Addyman.—Is that variety in design, or quality or both?

Mr. Gordhandas.—Both.

Mr. Batheja.—Referring to your special lines to which other mills have not referred, I mean belting yarn, sizing flannel and clearer cloth, what is the kind of raw wool used in the manufacture of those?

Mr. Gordhandas.—Australian wool.

Mr. Batheja.—You can't use Indian wool for that purpose?

Mr. Gordhandas.—We can but the quality will not be the same as the quality from which the imported products are made and the consumer will not like it.

Mr. Batheja.—You use imported tops for this purpose?

Mr. Gordhandas.—Yes, for belting we need special type of tops.

Mr. Batheja.—You pay about the same price for raw wool for this class of work which can also be used for manufacturing other classes of goods? No special wool is required?

Mr. Gordhandas.—No, except in the case of belting yarn.

Mr. Batheja.—How does the quality of your products compare with the quality of the imported products?

Mr. Gordhandas.—The quality is very favourable.

Mr. Batheja.—There is no complaint?

Mr. Gordhandas.—No.

Mr. Batheja.—The two sets of article are exactly comparable?

Mr. Gordhandas.—Yes.

Mr. Batheja.—The only difference is one of price?

Mr. Gordhandas.—Yes.

Mr. Batheja.—Why are you not able to manufacture on an economical basis when you are competing not with Japan but with Great Britain which also probably imports wool from Australia?

Mr. Gordhandas.—Great Britain is not importing wool; wool is available in Great Britain itself.

Mr. Batheja.—You are not facing competition from a special country like Japan; you are facing competition from Great Britain and in some replies of yours you have said that you will be able to compete with other countries as regards yarn. Are you not able to compete with Great Britain in this respect in spite of some advantage of revenue duty which you have now?

Mr. Gordhandas.—Great Britain has advantage of 12½ per cent. in exchange as against this revenue duty. We have to import wool from Australia whereas they may be using their own wool.

Mr. Batheja.—For a large part of their requirements they import wool from Australia.

Mr. Gordhandas.—For this particular class of material they may be using their own wool.

Mr. Maloney.—I think with reasonable duty and a reasonable space of time Indian mills will get a market for sizing flannel and clearer cloth etc. One of the greatest objection to its use is the knowledge that it is an Indian fabric and that it is produced for the first time, and because it is used for the first time, whereas the other has got a reputation in the market, the name of the mill in England, and people say "we won't have anything to do with this new Indian article". All that has to be overcome and with a little assistance that is necessary at the beginning and some time to establish itself in the market I feel that the Indian mills will in a very short time—given a little protection—be able to produce these goods as cheaply and as well as they are produced abroad to-day and the cotton mill industry eventually will not have to pay more than they are paying now for this particular raw material made on the recommendation of the Tariff Board.

Mr. Batheja.—I wanted to understand exactly the handicap of this section of the industry. Can you say whether the Millowners' Association is satisfied with the quality of this product?

Mr. Maloney.—Such mills as have used these products are satisfied with the quality. I got two or three mills to test them—I mean the sizing flannel

and clearer cloth—and in these two articles it has been reported to us that the fabrics gave entire satisfaction.

Mr. Batheja.—So you expect that you will be able to bridge the difference of prices in a reasonable time?

Mr. Gordhandas.—Yes.

Mr. Batheja.—What is the difference in price?

Mr. Gordhandas.—Four annas per yard.

Mr. Batheja.—In reply to question 26 you maintain that “there can be no comparison between the fall in the price of manufactured woollen goods and general wholesale prices as the prices of manufactured goods consist of raw material and wages, stores, power and overhead. The latter four items have practically not declined during the years under review”. Since the purchasing power of the public has declined by about 56 per cent., and prices all over the world have fallen, is there any reason why the prices of these items should not have been adjusted to these new lines? Taking power for instance, have power rates remained the same as before the depression?

Mr. Gordhandas.—Yes.

Mr. Batheja.—Is there any agitation on behalf of the millowners to reduce the rates?

Mr. Maloney.—As a matter of fact I believe Mr. Gordhandas is incorrect. There were three reductions and I should imagine that the total reduction is 25 per cent.

Mr. Batheja.—One of the secrets of the Japanese and Italian competition is that they have been able to reduce the prices of their products to such an extent that they have come within the new purchasing power of the masses. Is it not worth while that your management should reduce costs as far as possible?

Mr. Gordhandas.—We have been doing it for the last two years

Mr. Batheja.—Your wages remain higher than in some of the other mills.

Mr. Gordhandas.—Probably you are referring to the Raymond Woollen Mills. That mill is situated at Thana; besides our labour is coming from Mahim, Bandra, and in their case all local labour; it is available on the spot.

Mr. Batheja.—In reply to a question from my colleague you said that you were paying a higher rate because your labour was migratory?

Mr. Gordhandas.—That is a fact. We have to pay a bit more because it is not readily available.

Mr. Batheja.—Is it due also to the power of the Trade Unions in Bombay City?

Mr. Gordhandas.—To some extent, yes.

Mr. Batheja.—In that case is it impertinent to ask the question whether the location of woollen mills in Bombay is really suitable—the place is so very expensive, there are so many labour disputes, you are so far from the markets and places of raw material?

Mr. Gordhandas.—It is not quite suitable.

Mr. Batheja.—If you were given a chance of starting a woollen mill again where would you start it?

Mr. Gordhandas.—Somewhere near Amritsar or Lahore.

Mr. Batheja.—In reply to question 27 you have given some rates of commission; have these commissions remained the same?

Mr. Gordhandas.—Yes. Only in one instance we have been paying commission of about 2 per cent. and that has remained the same.

Mr. Batheja.—In view of your recurring losses have you not been able to induce your agents to reduce that?

Mr. Gordhandas.—The rate of wool we have been purchasing from this party hardly amounts to 10 per cent. of our total purchases. We are purchasing wool, apart from this party, directly.

Mr. Batheja.—You say "We also supply goods through our selling agents to Indian States for army and police, to Indian railways; Jails, municipalities and public bodies". So far as the local Governments are concerned do you supply direct?

Mr. Gordhandas.—All the local governments are purchasing through the Indian Stores Department and private owned railways purchase direct. The State Railways purchase through the Indian Stores Department.

Mr. Batheja.—You state that labour trained by you get employment in other industries. Where do they generally go?

Mr. Gordhandas.—Cotton mills.

Mr. Batheja.—Are the efficiency standards maintained by you in your own mills comparable to the efficiency standards of other woollen mills?

Mr. Gordhandas.—Unfortunately they are not available and therefore cannot be compared.

Mr. Batheja.—How did you fix your own standard?

Mr. Gordhandas.—By the working of our own mills.

Mr. Batheja.—When did you fix that?

Mr. Gordhandas.—From the date we are working.

Mr. Batheja.—How did you fix them in the first year?

Mr. Gordhandas.—We worked out the maximum efficiency of the machine and the efficiency obtained: we see that probably, say, 50 per cent. efficiency can be obtained from the workers and in this way we fix the efficiency.

Mr. Batheja.—How are you able to find out the efficiency of your labour as compared with the efficiency of the labour in some other mill or some other country? You can only find that by comparing your efficiency with the efficiency of labour in some other mill or some other country.

Mr. Gordhandas.—There is a rough comparison between the efficiency of the woollen mill and that of the cotton mill. Having regard to the fineness of the work undertaken, a fair idea can be obtained with regard to the efficiency of a woollen mill and a cotton mill.

Mr. Mehta.—We can ascertain that from the working of a single mill. If you keep a man, he can understand the possibilities regarding the efficiency. That is not difficult.

Mr. Batheja.—Yes, that is all right, but what do you do when it is a question of competition, internal or external. The question is about the comparison of efficiency standards maintained.

Mr. Mehta.—When you speak of efficiency, I want to know whether you mean the efficiency of the machine or the efficiency of the labour.

Mr. Batheja.—Efficiency of the labour in relation to the machine.

Mr. Mehta.—In Japan a girl looks after 8 looms and in India 2 looms. As regards the efficiency there is no difficulty.

Mr. Batheja.—As regards the efficiency of the Indian worker in relation to the machine, I want to know how this output compares with the output of the Japanese.

Mr. Mehta.—We have got a clear idea of what efficiency can be obtained from a particular sort.

Mr. Batheja.—A common statement is made that the Japanese or English workman is twice or thrice as efficient as the Indian.

Mr. Gordhandas.—Japanese workman looks after more machines.

Mr. Batheja.—We want to understand the handicaps of the industry in this respect. How far is your labour efficient?

Mr. Gordhandas.—If one man is made to look after two sets and another 4 sets, that makes the difference. The Japanese worker is generally more efficient than the Indian.

Mr. Batheja.—Given the same machine, I want a comparison between the efficiency of one man and the efficiency of another.

Mr. Gordhandas.—We have got a clear idea of the possible efficiency we can get on a particular sort and we put it down at 75 per cent. When we get lower than that, we say our workman is not efficient.

Mr. Batheja.—Could you give us a statement of efficiency standards, which we might compare with the efficiency standards maintained by other mills?

Mr. Gordhandas.—We can ourselves fix the efficiency standards.

Mr. Batheja.—There must be some comparable standard. However if you are not able to supply information on that point, I won't press for it.

You are supplying some samples of your products and also in collaboration with the Raymond Woollen Mills supplying samples of the products which are competing with yours.

Mr. Gordhandas.—Yes.

Mr. Batheja.—Are those imports exactly comparable?

Mr. Gordhandas.—They are the nearest samples which could be compared.

Mr. Batheja.—Near about in quality?

Mr. Gordhandas.—Yes.

Mr. Batheja.—Has your mill taken any action in the past to state your requirements to the wool markets that you want a particular kind of wool and so on? Has the mill industry in India taken any action to improve sheep breeding? You are aware that Lancashire have taken a lot of interest in the improvement of cotton in India and it keeps a special organisation for this purpose to find out the raw materials more suited to its requirements. Has the Woollen industry in India taken any action to produce the kind of wool which they require for their finer manufactures?

Mr. Gordhandas.—No such steps have been taken by Government?

Mr. Batheja.—Government may take action. After all Government cannot take any action unless they know what the requirements of the industry are.

Mr. Gordhandas.—There has been no Government inquiry.

Mr. Batheja.—Has anything been done by the Woollen industry even in the matter of stating its requirements? Have you got any organisation for this purpose?

Mr. Gordhandas.—There is no organisation.

Mr. Batheja.—Nothing has been done.

Mr. Gordhandas.—No. Whatever difficulties we have in the use of Indian wool are explained to the parties from whom we purchase the wool and we have been pressing them to make improvements. Apart from that nothing has been done.

Mr. Batheja.—You suggest an organisation on the part of the Government for improving the state of the Indian wool. Government cannot take any action without the co-operation of the mills.

Mr. Gordhandas.—Manufacturers are prepared to co-operate with the Government for the improvement of the wool in future.

Mr. Batheja.—Nothing has been done in the past.

Mr. Gordhandas.—No.

Mr. Batheja.—In reply to question 44, would it be possible for you to indicate in figures the economies in costings which you hope to attain if adequate protection is granted for a reasonable period?

Mr. Mehta.—You mean in figures.

Mr. Batheja.—Yes. You claim protection for a particular period. It would be interesting for the Board to know what actual reductions you will be able to make under each head given in questions 20 and 21.

President.—It would be more convenient to take this question up, when we are dealing with costs.

Mr. Addyman.—I would like further information on this question of efficiency to which you have referred in question 29 v. You say: "a large proportion of our labour is changing constantly according to orders in hand". Do we understand by that lack of orders or change of quality in orders?

Mr. Gordhandas.—Lack of orders.

Mr. Addyman.—Will you please refer to your reply to question 2, page 4, where you give the number of spindles?

1929-30—2,960,

1932-33—2,938,

1933-34—2,568.

There has not been any great difference in the number of spindles worked during the last three years.

Mr. Gordhandas.—These are average spindles worked per day.

Mr. Addyman.—Therefore you employed those spindles all the year?

Mr. Gordhandas.—It does not necessarily follow that those spindles worked throughout the year. Sometimes all the spindles were working and sometimes only 500 spindles may be working.

Mr. Mehta.—Sometimes we are obliged to work in the night.

Mr. Addyman.—Then I need not pursue that question any further. In answer to question 4 you give the number of people employed year by year in the various departments. Is that the average?

Mr. Gordhandas.—That is also worked on the same basis. Sometimes they may be more and sometimes less, but this is the average figure.

Mr. Addyman.—You say that only 32 per cent. of your labour is able to reach your efficiency standard. Do you think it would be possible to increase that?

Mr. Gordhandas.—Yes, if we have continuous work.

Mr. Addyman.—What percentage of labour efficiency would be possible if you are working constantly? Now it is 33 per cent. Assuming your labour is employed constantly?

Mr. Gordhandas.—Except in cases of wool picking, sorting, scouring, drying, dyeing and finishing where it is difficult to ascertain efficiency, it is possible to increase it to 100.

Mr. Addyman.—Fully 100 per cent.?

Mr. Gordhandas.—Yes.

Mr. Rahimtoola.—Is the Indian Woollen mill a private company or a public company before it was amalgamated?

Mr. Gordhandas.—It was a public company.

Mr. Rahimtoola.—It was a limited liability company?

Mr. Gordhandas.—Yes.

Mr. Rahimtoola.—Who were the Managing Agents?

Mr. Gordhandas.—Mathurdas Gokuldas & Co.

**THE BANGALORE WOOLLEN, COTTON AND SILK MILLS,
LIMITED, BANGALORE.**

**Evidence of Mr. W. D. SCOTT recorded at Bombay on Thursday,
the 7th March, 1935.**

President.—Mr. Scott, you represent the Bangalore Woollen, Cotton and Silk Mills?

Mr. Scott.—Yes.

President.—I shall follow the procedure I have followed with other mills, that is to say, I shall examine you on that part of your representation which you have not asked to be kept confidential and take up the other points relating to your costings afterwards. We will take your answers to the questionnaire question by question. Will you tell us how your estimate of Rs. 15 lakhs as the cost of a similar mill to-day was arrived at?

Mr. Scott.—We estimated that to replace our machinery at to-day's prices would cost just over Rs. 9 lakhs: Rs 3 lakhs would be the cost of buildings: Rs 2 lakhs cost of lands and tanks, or approximately a total of Rs. 15 lakhs.

Mr. Batheja.—Buildings in Bangalore?

Mr. Scott.—Yes, the buildings we have in Bangalore in connection with the woollen department and land on the same spot. We have based our estimate for land on our attempt to buy land recently which we were unfortunate enough not to get. We estimated that it would cost Rs. 3 lakhs for a plot of land of the same size as we have now.

President.—Would you go outside Bangalore if you were building a new mill?

Mr. Scott.—The difficulty is to find a suitable place outside Bangalore where we could get an adequate water supply. It would be a great expense for a mill to lay all its own water pipes from the mains which we intend using as soon as we are able to make arrangements about the rate. If we can get a water supply from the municipality we would not have to treat tank water. Therefore it would not be economical to go far away from the main water supply.

President.—In estimating a working capital of Rs. 5 lakhs for such a mill, how have you worked that out—on a proportion of the total expenditure of the year?

Mr. Scott.—We took it that we produced probably Rs. 15 lakhs worth of goods a year. The woollen trade is a seasonal trade and one must buy stocks of wool at the time of shearing and one must stock a large quantity of finished goods in the off season. Therefore, though that figure may be considered high, you have to take into consideration that we have probably to stock two months' supply of wool and probably three months' supply of finished goods for perhaps four months in the year or more.

President.—That is about 33 per cent. of the total expenditure of the year you estimate as being the amount necessary for working capital?

Mr. Scott.—Yes.

President.—It is four months' supply?

Mr. Scott.—Yes; it is about 33 per cent.

President.—I ask this question because other witnesses have put the period a good deal higher. You are satisfied with four months' supply?

Mr. Scott.—I take that as a fair figure. It would of course be affected by the class of goods being produced.

President.—In your circumstances, turning out the goods you do, you are satisfied with that?

Mr. Scott.—Yes, on low grade class of goods.

President.—Circumstances differ of course. In storing a better class of goods more would be required.

Mr. Batheja.—In arriving at this figure of Rs. 5 lakhs have you taken into consideration the lowest stocks which you have been able to carry?

Mr. Scott.—This would be rather abnormal.

Mr. Batheja.—You are giving figure for abnormal times. If you are compelled to carry these large stocks as shown in your answer to question 18, then probably more working capital will be necessary?

Mr. Scott.—Yes. We can always borrow money on our stocks.

President.—Are the sales of yarn you refer to in answer to question 11 mostly for carpet making?

Mr. Scott.—Yes; a certain amount of this yarn was for blankets for jail contracts in 1933-34.

President.—Your prices of wool (question 14): I understand you do not import much East Indian wool other than that of the Mysore type?

Mr. Scott.—I am rather at sea about the expression East Indian wool. Would you kindly say what is meant exactly by East Indian wool?

President.—We have been given to understand that East Indian wool includes Indian wool, Tibetan wool, Busra wool, and Kandahar.

Mr. Scott.—Nearly all our wools; you might say about 90 per cent. of our purchases are bought in South India from places like Kolar, Devangiri, Raichur and various tanneries in the Madras Presidency. We do buy a certain amount of wool from Fazilka, Delhi and Lahore. We did buy a certain amount of Busra wools in 1926-27 and 1928-29, but not in large quantities. We are buying no Busra wools now. These were purchased for special purposes, for the supply of saddle blankets, etc., to the Government of India.

President.—These prices which you have given here showing a steady decline since 1926 relate, therefore, almost entirely to the South Indian wools?

Mr. Scott.—Yes.

President.—Those prices, I take it, differ to some extent from the general level of prices of East Indian wool. The curve of decline which you have given here is different from the curve of prices in the Liverpool market.

Mr. Scott.—They did not participate in the general rise in 1933.

President.—My deduction from that is that South Indian wools do not influence the price of the Liverpool market, that is to say, South Indian wools are not exported to such an extent as the other types of East Indian wool.

Mr. Scott.—Certain quantities of better qualities from tanneries in the Madras Presidency, namely Pund white, Pund black and medium qualities from Kolar which are sorted out in various colours, e.g., browns, blacks and whites, are exported.

President.—Where do they go to?

Mr. Scott.—They go mainly to the Continent for carpet manufacture.

President.—The place of export?

Mr. Scott.—Place of export is Madras.

President.—The estimate of production of Madras wool which has been commonly accepted in the past is 15 million lbs. That estimate has got no basis so far as I can make out except the census of sheep. The census of sheep in the Madras Presidency amounts to nearly 13 millions and there are a few Madras States which make the total a little over 13 millions. They have estimated a production of wool of about 1½ lbs. per sheep and have put the estimate at something like 15 million lbs. of wool crop. We can find no trace where the bulk of this crop goes to. We are told that 3 million lbs. of it goes to Mysore. Perhaps we can account for another 4 million lbs. on the basis of the local industries which are reported to us by the department of industries for carpet making, for blankets and so on. Still it is very vague and we

have got yet 7 to 8 million lbs. of wool in the year which we do not know where it goes to. Can you help us to solve the problem?

Mr. Scott.—Do not the export returns help you?

President.—No, because the maximum amount of export by sea and land from Madras is only 3 million lbs. After taking into account all the figures of export by rail and sea we have still got 7 to 8 million lbs. of wool unaccounted for. Export by sea is very little. The average is only 600,000 lbs. for the last four or five years.

Mr. Scott.—There is one firm in Madras who estimated their export at 850 to 400 bales a month.

President.—By sea?

Mr. Scott.—Yes.

President.—Is that Indian wool or is it re-exported?

Mr. Scott.—Yes, it is Indian wool.

President.—I shall give you the export of wool by sea from Madras. In 1933-34 they were a million lbs.; in 1932-33—293,000 lbs.; in 1931-32—293,000 lbs. and in 1930-31—283,000 lbs. The average is swelled by the big figure of one million lbs. Before that it hardly exceeded 400,000 lbs.

Mr. Scott.—Yes.

President.—It is a comparatively small proportion of the total production.

Mr. Scott.—There are hundreds of thousands of people employed in the hand weaving industry even in the Mysore State.

President.—We have got fairly detailed figures from the Mysore State. These, I think, are reliable. But the figures from the Madras Presidency are not reliable.

Mr. Scott.—In Salem District there are many thousands of handlooms.

President.—They have given us an estimate of the handlooms in the Salem District and also an estimate of the looms for a greater part of the Madras District. If the handloom industry is carried on in the way in which it is in most parts of India spasmodically for 3 or 4 months in a year, we still cannot put the consumption of wool to any very large figure to cover the big gap. However, we will not worry you about that. You and other manufacturers are attempting to produce a better article now to meet the taste for softer and smoother variety of blankets.

Mr. Scott.—Yes.

President.—To what extent do you anticipate that it would be necessary for you in order to carry on this experiment to go on using foreign wool? Do you anticipate that in order to be able to compete with the Italian blankets in future, you will have to use mixtures of better wool or do you anticipate that your methods of finishing will enable you to go on using Indian wools?

Mr. Scott.—If we use Indian wools, we can give an article which is probably nearly as soft as the Italian rug, certainly much more attractive in colouring and certainly much more durable but on price we are unable to compete. It is a question of price.

President.—The point I am making at the moment is not a question of price, but of materials. I want to know whether it is going to be necessary in the future in order to produce an article which will capture the fancy of the modern market to use to an increasing extent a better type of wool than you are getting from Madras.

Mr. Scott.—It is impossible to make an attractive rug from the Madras type.

President.—That means you have got to have either a better type of East Indian wool or imported wool. The better types of East Indian wool which you could use, I suppose, to improve your qualities would be Bikaners, Jorjas and those types.

Mr. Scott.—I have sent you a sample of rug to show what we have been able to do with better types of Indian wool.

President.—You say that the supply of these wools is very limited.

Mr. Scott.—Yes.

President.—You have got no statistics unfortunately of the total amount available, but it must be true that they are certainly not enough to go round.

Mr. Scott.—To the people who are specialising in rugs and blankets I think there is probably just enough to go round.

President.—That means for worsted cloths, both medium and higher quality, it would be absolutely necessary to import wool from outside.

Mr. Scott.—I do not know how much is available.

President.—Everybody has told us that the supply of Bikaners, Jorias and so on is limited.

Mr. Scott.—I believe it is.

President.—We cannot confirm that or deny it, because we do not know, but the general impression seems to be that it is limited. If it is limited, probably there will not be more than enough for the woollen side of the industry. At present a limited amount of worsted is made for Government contracts and hosiery contracts and so on, but certainly on the evidence we have got at present, there does not appear to be enough supply for everybody in respect of both worsted and woollen sides.

Mr. Scott.—We never had any difficulty in buying it. These finer types of Jorias, Delhi whites, and Bikaners are exported in very large quantities at the present moment. The better types of wool are received more favourably in the Liverpool market. There is a bigger field for them than for the low grade types.

President.—There would not be a demand for your South Indian wool to replace the better class of wool in the Liverpool market?

Mr. Scott.—No.

President.—The effect of it would then be if the Indian industry takes a larger supply of these types of wool the export market will go.

Mr. Scott.—The export market would compete with the Indian buyers.

President.—Prices may go up.

Mr. Scott.—They might go up considerably in the Liverpool market.

Mr. Batheja.—The price of South Indian wool may go down and you can produce cheap rugs to compete with Italy.

Mr. Scott.—It doesn't even now pay the man who rears sheep. I can buy South Indian wool to-day at 2 annas a lb. delivered in Bangalore. The man who actually raises the sheep will probably get half an anna per head per year.

Mr. Batheja.—At that price?

Mr. Scott.—Yes. Nobody is going to interest himself in producing such wool. This source of income to the shepherd in South India has been cut off completely since the advent of cheap Italian rugs.

President.—That price is lower than any price you are likely to obtain for recovered wool, is it not?

Mr. Scott.—You could not buy recovered wool at that price. If you are referring to shoddy, even the cheapest form of shoddy you cannot buy at less than 4d. or 5d. c.i.f. Madras. These, of course, have the advantage of being soft and are already dyed. You can buy the kind and colour you want and it is cheap. We have already done so, but is that in the interests of India?

President.—Where do you get these shoddies from?

Mr. Scott.—From Yorkshire; Dewsbury which is the centre of the shoddy trade in Great Britain.

President.—Have you any experience of double shift working?

Mr. Scott.—No, not since war times when we worked for 24 hours a day for Government.

President.—Your answer to question 26: What is the difference between the blanket which you quote here and the barrack blanket?

Mr. Scott.—The blanket referred to is not made to any Government specification. It need not conform to any strength test or number of ends and number of picks. This is a blanket which is supplied largely to the market.

President.—You say that it is not affected by foreign competition.

Mr. Scott.—No. This is a blanket which is very serviceable and it is a very rough blanket which is used largely by night watchmen and people who lie down on the floors and sleep. The Italian rugs will last only for two months if they are subject to such wear and tear as these blankets have to stand.

President.—It is a heavy blanket?

Mr. Scott.—Yes.

President.—Is it undyed?

Mr. Scott.—Natural colour, dark grey.

President.—The price of that you have been able to maintain more steadily.

Mr. Scott.—Yes.

President.—The percentage of decline is roughly the same as Nos. 1 and 3.

Mr. Scott.—Yes.

President.—There is no external competition in the barrack blanket?

Mr. Scott.—None at all.

President.—Because of the decline there is internal competition?

Mr. Scott.—Entirely and also accentuated by the pressure from foreign articles of different kinds.

President.—By that you mean that mills have more and more been driven to take Government contracts, because their markets have been taken from them?

Mr. Scott.—We know beyond all question of doubt that mills are prepared to take Government contracts even at a loss. They are sure of their money and there are certain things which are in favour of Government contracts. Competition in Government contracts is very very severe.

President.—It is not unknown that people are willing to take them at a loss in order to keep going.

Mr. Scott.—That is generally known to the Indian Stores Department.

President.—They can't help you there?

Mr. Scott.—No.

President.—They are bound by the tenders they get.

Mr. Scott.—If the sample is approved, they accept the lowest quotations.

Mr. Batheja.—Is there any means of eliminating this wasteful competition by greater co-ordination or mutual consultation or organisation just as in the Cement industry?

Mr. Scott.—Every mill is hungry for work and so everybody tries their utmost for Government contracts.

Mr. Batheja.—The object of my question is this. In certain other industries some sort of co-ordination or some sort of understanding has been arrived at, so that this destructive competition has been eliminated. Is there any means of arriving at some sort of understanding by all the mills for this purpose?

Mr. Scott.—It is very unfair to compare the industry which is now depressed with a flourishing industry such as the cement.

Mr. Batheja.—Some time back it was not flourishing.

President.—The only possible way which strikes me would be to take the contract by turns.

Mr. Scott.—It requires a lot of trust and a lot of good feeling.

President.—Self-abnegation on the part of the mills.

Mr. Batheja.—Adversity may teach greater wisdom.

Mr. Maloney.—The only time you can organise in this country is when there is a potential growing market. We could never fix prices or do anything in a time of crisis.

Mr. Rahimtoola.—If there is a market to satisfy everybody?

Mr. Scott.—Yes.

President.—The difficulty is one man can upset the arrangement.

Mr. Scott.—I may say it has been tried. We have had working agreements with others at different times.

Mr. Rahimtoola.—It happened in Calcutta in the Jute industry.

Mr. Scott.—It always breaks down in times of distress.

President.—In answer to question 27, when you say that the quantity is steadily declining of the purchases in South India, you mean your demand and not that the supply is declining.

Mr. Scott.—The supply is there.

President.—Your requirements are steadily declining.

Mr. Scott.—Yes.

President.—How do you determine your efficiency standards?

Mr. Scott.—Efficiency standard in weaving is determined like this. When we produce a new cloth or a new design, a weaver whom we know to be highly efficient is timed on that particular article. We don't trust him. We stand over him. We see that he does work. If he can weave 15 rugs working 9 hours a day, that is taken as the standard.

President.—That is taken as 100 per cent.

Mr. Scott.—Yes. On that figure, wages are fixed for piecework. We estimate that everybody who attains that has attained 100 per cent. efficiency. From that of course we calculate the general efficiency. If we go entirely by the speed of a machine, it will be unfair because production depends on the number of colours, number of changes which have to be made, on the number of picks, etc. The number of picks varies with various designs and various qualities of goods, that are produced.

President.—So that your standard varies with the type of goods that a man is producing?

Mr. Scott.—Yes.

President.—It is strictly an empirical standard. It is based on experience and not on theory which the instrument is capable of producing.

Mr. Scott.—Not on what the machine is capable of producing.

President.—That means to say that it is impossible to compare your efficiency standard with the standard in any other country.

Mr. Scott.—I have no experience of foreign countries, except that I do know by observation how a particular weaver compares with a skilled weaver at home.

President.—Comparison must be based on output I suppose.

Mr. Scott.—Yes.

President.—When you say that the efficiency in your weaving averages 93 per cent., you mean that 93 per cent. of the weavers attain the 100 per cent. fixed by you.

Mr. Scott.—Certain weavers might get to only 85 per cent., but the average in our shed works out to about 93 per cent.

President.—Of the 100 per cent. empirical standard fixed by you?

Mr. Scott.—Yes.

President.—Is that the method you follow in piecework wages? You don't have efficiency standard I suppose when a man is paid monthly wages.

Mr. Scott.—Except in spinning. We know by the number of revolutions the card does or the weight of condenser bobbins daily delivered. Our spinning department or mules should be able to spin everything produced by

these cards, working full time, without any difficulty. We fix that as the standard of efficiency for the spinning department. Carding is a thing which is not controlled at all by labour; all they have to do is to see the feeder box is kept full and the machine does the rest. Therefore the question of efficiency does not enter into carding. Carding controls spinning and if spinning department consumes everything from the cards, it is 100 per cent. efficiency. If they can do that, they get a bonus.

President.—The assumption being that the number of cards is exactly right for the number of spindles.

Mr. Scott.—It has been designed as much as possible to get that.

Mr. Batheja.—In which department of your mill does the human factor enter more as distinct from the machine?

Mr. Scott.—Weaving.

Mr. Batheja.—The output will depend upon the efficiency of labour?

Mr. Scott.—Yes, upon the efficiency of the weaver.

President.—These efficiency standards do not enable us to compare the general efficiency of Indian labour with foreign labour, do they? Apart from weaving, if you are content that the spindle should spin everything that comes out of cards, it has still no reference to the number of men required in the spinning department. Is there any method which you can suggest by which the efficiency of Indian labour can be calculated in that respect? Are you satisfied that you have got down to the reasonable minimum in spinning?

Mr. Scott.—At the present moment I think we are, although we admit that a mill of the same size in England would not require quite the same number of hands that we employ.

Mr. Batheja.—Why?

Mr. Scott.—Because we are not so efficient.

President.—Does efficiency of spinning depend very much upon continual employment?

Mr. Scott.—They lose interest. They don't work as hard if they think that there is not sufficient work to keep the machines working at full pressure for a full working day.

President.—About the housing of your labour, you say you are meditating building houses for your labour.

Mr. Scott.—This has been in the programme for a long time.

President.—Did you find that they had any difficulty in finding accommodation near by?

Mr. Scott.—No. I don't think that there is any difficulty in finding shelter.

Mr. Batheja.—Are they not paying rent disproportionate to their earnings?

Mr. Scott.—I do not think so.

Mr. Batheja.—You have no knowledge, have you?

Mr. Scott.—My personal peon gets a house at Rs. 2 a month. He has a family consisting of his wife, his mother-in-law and four children.

President.—Have you any idea as to how much you spend on welfare schemes? Are they spread over different heads? In what part of the costings would these come in?

Mr. Scott.—Sundry charges No. 9 (c).

President.—That is a very small figure.

Mr. Scott.—The cost of free medical attendance which they all get comes under stores.

President.—The welfare superintendent will come under supervision charges?

Mr. Scott.—Yes.

President.—The School's Athletic Organisation?

Mr. Scott.—The school teachers would come under supervision charges. The school itself is part of the building in the mill. Books come under stationery.

President.—In reply to question 38, you say "the supply is so limited that they cannot be regarded as a substitute for the coarse varieties of Indian wools."

Mr. Scott.—This particular kind of Biccaneer wool is a very fine white wool. The supply is very limited. You have other qualities slightly coarser than that, which can be bought near Delhi and which are not quite as fine as the Biccaneer white.

Mr. Rahimtoola.—You say in reply to question 1 (b) "for some years the Company was engaged only in the manufacture of woollen goods, but most of the mill's expansion in recent years has been in cotton manufacture". Have you expanded the cotton mill industry and slackened to a great extent the woollen industry?

Mr. Scott.—No. It has not been slackened. It has not been reduced.

Mr. Rahimtoola.—The production has been reduced.

Mr. Scott.—The size of the mill has not been reduced.

Mr. Rahimtoola.—I am talking of production which counts. You have expanded the cotton mill and you have not expanded the woollen mill because it is not a paying proposition?

Mr. Scott.—You are right.

Mr. Rahimtoola.—That bears out the statement made in reply to question 8. You have been gradually going on restricting and in 1934 it has been restricted by 32 per cent.

Mr. Scott.—Yes, for the first five months of the year.

Mr. Rahimtoola.—Will the percentage be more later?

Mr. Scott.—It will be less. The busy months commence after the first five months in the year, i.e., in June.

Mr. Rahimtoola.—You say you have been making some coarse tweeds.

Mr. Scott.—Yes.

Mr. Rahimtoola.—Are you still continuing or have you ceased making them?

Mr. Scott.—Last year we made a certain number of coarse tweeds. The proportion of that to our production is infinitesimally small and we have found that it is not a very paying proposition.

Mr. Rahimtoola.—You have not ceased entirely?

Mr. Scott.—No. In fact this year we have produced further samples in a finer variety, but we are in the first instance a blanket mill and we specialise in blankets.

Mr. Rahimtoola.—With regard to mixtures you have experimented with shoddy and cotton, but you have not been able to compete in all the qualities you have specified here. There is a difference of about 2 annas.

Mr. Scott.—There is a difference of approximately 10 per cent.

Mr. Rahimtoola.—In these Italian qualities you have specified that certain qualities have so much percentage of wool and so much percentage of cotton.

Mr. Scott.—Yes.

Mr. Rahimtoola.—Is that what they themselves say?

Mr. Scott.—We have had them analysed and our analyses and their specifications are the same.

President.—Our analysis of the "Gloria" rug which is specified as all wool shows that there is an appreciable percentage of cotton.

Mr. Scott.—We have examined "Gloria" rugs on many occasions and we have found 100 per cent. wool.

Mr. Rahimtoola.—The costs which you have given in your reply to question 21 are, I take it, for a typical standard rug. The cost per lb. is 9 annas 6 pies.

Mr. Scott.—It represents a rug of which we have made many, many thousands.

Mr. Rahimtoola.—It is a standard quality which is saleable in the market as compared with the foreign market?

Mr. Scott.—It can sell in the market alongside the Italian product.

Mr. Rahimtoola.—How does it compare with the quality of the foreign product?

Mr. Scott.—It is stronger. The colour is better. It is also far more durable.

Mr. Rahimtoola.—You have not found any difficulty in selling it.

Mr. Scott.—At a price, no.

Mr. Rahimtoola.—In respect of price what is the exact difference?

Mr. Scott.—It is impossible to sell it even at cost.

Mr. Rahimtoola.—But you say there is only a difference of 4 annas.

Mr. Scott.—Yes.

Mr. Rahimtoola.—Is your Company a limited liability Company?

Mr. Scott.—Yes.

Mr. Rahimtoola.—And you publish your balance sheets, don't you?

Mr. Scott.—Yes.

Mr. Rahimtoola.—I don't see why your replies to questions 24 and 25 should be confidential. This is known to everybody—the commission which the Agents, Secretaries and Treasurers of the Company get.

Mr. Scott.—I don't think it is generally known.

Mr. Rahimtoola.—The Agent's commission is mentioned in the Memorandum of Association.

Mr. Scott.—In the Articles of Association it will be, but not in the balance sheet.

Mr. Rahimtoola.—The shareholders must get the Articles of Association and the Memorandum of Association.

Mr. Scott.—Yes, the original shareholders.

Mr. Rahimtoola.—Even those who now take shares know it. The Board have no objection to treat it confidentially. I am only saying that it is not necessary. You have complained about the low prices of the tenders of the Government of India with regard to blankets.

Mr. Scott.—I am not making any complaint to the Board about that.

Mr. Rahimtoola.—Owing to internal competition the prices have gone down.

President.—The Stores Department is bound to accept the lowest tender.

Mr. Rahimtoola.—According to you, it does not pay the Mills.

Mr. Scott.—You reach a point in running a mill where it would pay to lose a certain figure rather than close down, because you still have to lose if you close down unless you go into liquidation.

Mr. Rahimtoola.—With regard to the export market you say "Up till 1928-29 we did a moderate business in rugs in Persia but the recent monetary policy of that country has closed this market to us. We are trying to work up a trade in Afghanistan and have recently exhibited in the Kabul Exhibition, but prospects are not bright"

Mr. Scott.—Persia is closed completely. As regards Afghanistan we are trying hard to find a market there. Last year we took part in the Exhibition at Kabul at considerable expense, but I don't see that the prospect of business there is at all good. There again we are up against foreign competition.

Mr. Rahimtoola.—You say your principal market is India and Burma. What proportion of your production goes to Burma?

Mr. Scott.—That is a difficult question to answer without referring to our books and records.

Mr. Rahimtoola.—I only wanted to know whether Burma was a large market.

Mr. Scott.—It is a considerable market. It is a market which we should be very sorry to lose.

Mr. Rahimtoola.—You ask for protection for a period of five years?

Mr. Scott.—At least five years.

Mr. Rahimtoola.—You are at present confining yourself to blankets and rugs?

Mr. Scott.—Yes.

Mr. Rahimtoola.—Do you wish to fix any maximum period? Generally we are asked for a period and you are suggesting not less than five years and you are confining your period for the manufacture of blankets and rugs.

Mr. Scott.—It would be presumption on our part to say anything about other branches of the trade in which we are least interested.

Mr. Rahimtoola.—You have taken coarse tweeds into consideration?

Mr. Scott.—I am not competent to express an opinion, though we would sell anything we can.

Mr. Batheja.—Will you please refer to your answer to question 9? I notice that in the last two years in spite of the decline in production and continued loss you have increased the number of looms. Is there any explanation for that?

Mr. Scott.—I can explain that. During the last few years we have been carrying on extensive experiments with a view to introducing a rug which would compete with the Italian article. To keep up the maximum efficiency in the weaving of an Italian rug of an attractive design a particular kind of loom is necessary, the looms required are 24 shaft 4 boxes on either side. We had some of these looms offered to us at a very reasonable price and as we found that our spinning production could feed an additional six looms when working on fine counts we bought them. At that time the market for yarn was most unprofitable and it was with the object of becoming more efficient that the money was spent.

Mr. Batheja.—In reply to question 11 you say you sold some yarn after 1931. You can't give us further details about the counts of yarns sold?

Mr. Scott.—I can tell you. In 1933-34 it was 216,000 lbs. of which nearly 200,000 lbs. were supplied in 50s for jail blankets for which we received 4½ annas per lb.

Mr. Batheja.—While I am on this subject will you please refer to question 19 (2)? Can you increase the supply of blanket yarn for the handloom blanket industry?

Mr. Scott.—Yes, by working overtime in the spinning department.

Mr. Batheja.—The sales which you have effected so far of blanket yarn, have they brought you profits?

Mr. Scott.—No. At 4½ annas we just strive to meet our costs. These blanket yarns we supply as against Government contract for jails.

Mr. Batheja.—We were told by the United Provinces Government representatives that there was an unsatisfied demand for blanket yarn suitable for the handloom section of the industry; they tried to get it from some of the mills but could not get any supply. Have you received any enquiry?

Mr. Scott.—We have received no enquiry but we sent out a representative from Delhi to the carpet factories and handloom weavers to canvas orders. He has been successful up to a point this year.

Mr. Batheja.—Have you received a larger order for this yarn?

Mr. Scott.—Yes, from the United Provinces particularly.

Mr. Batheja.—At what price will you be able to supply this yarn to the handloom industry with a normal margin of profit?

Mr. Scott.—The particular types we are supplying now are costing us approximately 12 annas a lb. for whites. They want whites and dye it themselves, and 12 annas just about pays us; this is white yarn from very coarse South Indian wool.

Mr. Batheja.—You have no competition in this?

Mr. Scott.—None except from the hand spinners. They can produce a yarn of coarse counts much cheaper than we can do.

Mr. Batheja.—Can the same quality of yarn be produced by hand-spinning? Will the hand spinner be able to outbid you in the market?

Mr. Scott.—If their quality is suitable for the handloom weaver they will be able to outbid us every time.

Mr. Batheja.—I am talking of the demand of yarn for the fly shuttle looms, especially in the United Provinces; they want a different kind of yarns from those produced by the hand spinning method.

Mr. Scott.—We can supply them if they want soft spun yarn which the hand spinner cannot give; we can give it at competitive prices.

Mr. Batheja.—We understood that this new producer turned out of the technical institutes prefers mill spun yarn for his requirements.

Mr. Scott.—That is where our soft spun yarn may be going.

Mr. Batheja.—Is there a large market for this yarn in the Punjab?

Mr. Scott.—There is but mostly from carpet weavers.

Mr. Batheja.—Have you received any enquiry from other parts of India?

Mr. Scott.—Yes, for carpet yarns, not for weaving yarns.

Mr. Batheja.—Have you made any careful investigation in other markets for blanket yarn?

Mr. Scott.—We have employed an agent for that purpose in Delhi.

Mr. Batheja.—To what extent will you be able to supply this market?

Mr. Scott.—We can supply very large quantities; we can supply 50,000 lbs. a month.

Mr. Batheja.—You say in reply to question 19 that your supply will be limited by your own requirements?

Mr. Scott.—That is an assumption. Normally our weaving sheds can consume all the yarn that is produced in the spinning department.

Mr. Batheja.—Supposing you worked at a very much higher pressure, say a double shift, can you give me an idea of the quantity of the surplus?

President.—Will you be able to double your output?

Mr. Scott.—We find that we do not get the same production when working a night shift; it would be about 75 per cent. only.

Mr. Maloney.—Some mills report—I am talking of cotton mills—that after night shift has been worked to any length of time their production is better at night.

Mr. Batheja.—To what extent do the products of your mill compete with the products of the handloom industry?

Mr. Scott.—They do compete except in certain districts where they must have kambli. On the tea estates they always prefer a kambli because it is not scoured, it is greasy and there is a certain amount of tamarind used which gives it a somewhat waterproof effect. A waterproof covering is preferred by coolies in the tea estates.

Mr. Batheja.—In what areas do your products compete?

Mr. Scott.—Principally in the towns.

Mr. Batheja.—Is there any particular area where you have been successful in driving out the handloom product?

Mr. Scott.—We have not directly hit the handloom weaver but we have been able to get such poor prices for these low grade rugs that naturally the result has been that the man who can pay Rs. 2 for a kambli would rather pay Rs. 2 for a coloured rug. I mean the man in the town.

Mr. Batheja.—Is it your experience that handloom products have been affected by this competition?

Mr. Scott.—Yes.

Mr. Batheja.—Of what area are you thinking?

Mr. Scott.—South India. The Italians have taken a large proportion of our market and we have taken a large proportion of the handloom market.

Mr. Batheja.—Your goods are sold all over India?

Mr. Scott.—Yes.

Mr. Batheja.—You have no knowledge how they affect the products of the handloom industry in Northern India?

Mr. Scott.—I can't say.

Mr. Batheja.—Have you any idea of the Panipat blanket industry?

Mr. Scott.—I have seen those blankets in the Cawnpore market.

Mr. Batheja.—Do you sell a large amount of your blankets in the Delhi area?

Mr. Scott.—Yes, in Delhi, Amritsar, Cawnpore, Lahore.

Mr. Batheja.—In answer to a question from the President you gave the c.i.f. price of shoddy landed at Madras.

Mr. Scott.—That was the lowest type of shoddy 4 to 5d. per lb.

Mr. Batheja.—You describe that it has got many qualities which reduce the expense because it is dyed: it is very good for mixing. Suppose you brought South Indian wool to the same stage of production?

Mr. Scott.—Dyed and ready to be put into use?

Mr. Batheja.—Yes; what would then be the cost of the Indian wool? I want to make a comparison between the price of the Indian wool at that stage and the price of shoddy.

Mr. Scott.—Wool costing 2 annas a lb. would give 50 per cent. loss in scouring and dyeing. That makes it 4 annas a lb. Dyeing $1\frac{1}{2}$ annas a lb.; that is $5\frac{1}{2}$ annas as against As. 4 for the cheapest kind of shoddy.

Mr. Batheja.—So that shoddy will be cheaper?

Mr. Scott.—Yes. But cheap shoddy has this disadvantage, it is of such low grade (I refer to mungos) that it cannot be spun alone, whereas the South Indian wool can be. To spin mungo it would be necessary to mix a certain percentage of wool before your machines would carry it; it is short in staple and so weak that it would not hold together on the mule.

Mr. Batheja.—What will be the price of such a mixing—shoddy mixed with the lowest grade of Indian wool?

Mr. Scott.—The cost of the cheapest shoddy is 4 annas per lb. as against 5.25 annas per lb. for low grade Indian wool dyed or scoured. A shoddy mixing would produce a very much softer article.

Mr. Batheja.—Very much less warmer?

Mr. Scott.—Much less durable.

Mr. Batheja.—Still there would be some difference of quality between the two kinds of articles.

Mr. Scott.—Very considerable.

Mr. Batheja.—In one or two kinds the shoddy article will be superior. In regard to the essential point for which wool is wanted, your Indian article will be superior?

Mr. Scott.—From the essential point of view of the market the shoddy rug will be preferred.

Mr. Batheja.—It all depends on the value the market attaches to the difference in quality.

Mr. Scott.—Our experience shows that the consumer is attracted more by the appearance than by the wearing quality. The man in the street

sees that one is nice, soft and attractive to look at and the other somewhat coarse, rough and unattractive. He naturally buys the attractive article.

Mr. Batheja.—I have come across some tests of comparison of Italian rug and your rug as regards durability. Is it possible to assess in terms of money the difference in quality which exists between your rug and Italian rug?

Mr. Scott.—You want to assess the value of durability in terms of money?

Mr. Batheja.—And warmth in terms of money.

Mr. Scott.—You could assess in terms of money the durability. Warmth in a blanket is a thing which cannot be measured exactly. That is something which can only be estimated.

Mr. Batheja.—When we buy an article, we don't buy an article by itself. We buy an article for its quality.

Mr. Scott.—A gentleman like yourself would. The average man who is buying at Rs. 2 or Rs. 3 is very easily duped as regards the durability of the article.

Mr. Batheja.—If the wool industry did conduct a propaganda in respect of their own goods and compared their goods with the goods of a rival, probably the defects of the foreign article might be better known and the quality of your own article might also be better appreciated and that might result in a higher or a lower price difference.

Mr. Scott.—What would the cost of such a propaganda be? We cannot afford to go in for any great propaganda work.

Mr. Batheja.—Will it be possible for you to assess in terms of money the difference in quality between your rug and Italian rug?

Mr. Scott.—As regards durability yes. I do not know whether everybody would believe us.

Mr. Batheja.—Compare your lowest quality rug with the lowest quality of Italian rug, Calcutta or Gloria.

Mr. Scott.—Calcutta.

Mr. Batheja.—Which competes most with your lowest quality rug?

Mr. Scott.—Victoria is the cheapest.

Mr. Batheja.—Shall we take it that that competes most with your rug? I take it you have got the largest number of sales in the lowest rug.

Mr. Scott.—These rugs we have given here are the popular ones. In our experience we find that they sell very well in South India. They also sell particularly well in Calcutta.

Mr. Batheja.—Which page are you referring to?

Mr. Scott.—Page 4.

Mr. Batheja.—I notice that Victoria is the cheapest rug.

Mr. Scott.—Yes.

Mr. Batheja.—Or, if you like, take Calcutta which is more common.

Mr. Scott.—Yes.

Mr. Batheja.—How does your lowest quality rug compare with the Calcutta rug in all points?

Mr. Scott.—It is almost impossible to compare them quality for quality.

Mr. Batheja.—Take first durability.

Mr. Scott.—We can compare that straightaway.

Mr. Batheja.—Feel and appearance.

Mr. Scott.—In appearance the Calcutta rug is very much better; in handle they are very much better and in strength or durability they are very inferior to our cheapest rug.

Mr. Batheja.—By how much?

Mr. Scott.—Take the Victoria rug for which I have given details.

Mr. Batheja.—You have given it in the general representation?

Mr. Scott.—Yes on page 11 of the general representation, we have given the warp strength as 73 lbs. against our 205 lbs.

Mr. Batheja.—How does your lowest quality compare with the Victoria rug?

Mr. Scott.—Ours is three times as strong as the Victoria in warp.

Mr. Batheja.—First of all yours is all wool?

Mr. Scott.—Yes, and you can say it is more than twice as durable. It is at least 6 times more durable than their other quality.

Mr. Batheja.—In what proportion would you put the warmth at?

Mr. Scott.—I should say it is considerably warmer. How much warmer, it is impossible to say.

Mr. Batheja.—On a balance of consideration taking the *minus* account and the *plus* account, do you maintain that your lowest quality is strictly comparable to Victoria rug?

Mr. Scott.—No.

Mr. Batheja.—Would you say it is superior?

Mr. Scott.—It is superior in many ways, but from the selling point of view, it is very inferior.

Mr. Batheja.—What is the selling price of your lowest quality rug?

Mr. Scott.—12·7 annas per lb.

Mr. Batheja.—Against the price of Victoria at?

Mr. Scott.—14·6.

Mr. Batheja.—You maintain that your lowest quality rug is superior to the Victoria rug taking things as a whole.

Mr. Scott.—I would prefer to use one of our rugs to a single Victoria rug even if it sold at the same price, which it is not.

Mr. Batheja.—At what price do you sell your lowest quality rug in the market?

Mr. Scott.—We have sold a very low quality rug in the market weighing 3 lbs. at Rs. 2·3. This is below cost of production.

Mr. Batheja.—You are not manufacturing now high class blankets?

Mr. Scott.—We can do so. We have been doing so.

Mr. Batheja.—Who were the chief competitors in this class of blankets? Was there any competition from Germany, France or England?

Mr. Scott.—Italy and, to a small extent, Japan. Japan last year produced a blanket—a very soft and nice blanket which was selling in the Punjab at Rs. 8.

Mr. Batheja.—You mean camel hair blanket?

Mr. Scott.—Yes.

Mr. Batheja.—Our chemical analyses show that it contains cotton, hemp and silk waste.

Mr. Scott.—That is not the blanket I am referring to. There was an all wool Japanese blanket sold in the Punjab at about Rs. 8.

Mr. Batheja.—Did you get it tested in Bangalore or is it your impression?

President.—This blanket which we analysed was sold as an all wool blanket.

Mr. Scott.—The one I refer to has a jacquard pattern at the ends.

Mr. Addyman.—Yes.

Mr. Scott.—I have not been able to get one. I have asked our Amritsar representative to send one.

Mr. Addyman.—Regarding the Italian shoddy blanket, what do you think would be the price if made of virgin wool?

Mr. Scott.—It would not be the same as the Italian rug. The counts of wool in the Italian rug are somewhere between 58s and 60s. To buy that wool in a scoured carbonised form would cost somewhere about 20d. per lb. and it is a 5 lb. rug.

Mr. Batheja.—Take this Victoria rug which is made of wool. The only difference will be in the difference of manufacture and raw materials.

Mr. Scott.—The cost of manufacture will be the same.

Mr. Batheja.—There will be no difference in the cost of manufacture?

Mr. Scott.—No.

Mr. Batheja.—Everything will be the same except the price of the raw material.

Mr. Scott.—Yes.

Mr. Batheja.—Supposing the raw material were wool instead of shoddy?

Mr. Scott.—Victoria is a mixture.

Mr. Batheja.—Take Gloria.

Mr. Scott.—Gloria is a 5 lb. blanket. I have got no idea of what the cost of production is in Italy. I know the cost of the blanket here. I do not know their cost of production—how much they have allowed for their cost of production and cost of material.

Mr. Batheja.—Add the difference due to the replacing of old wool by new wool to produce an article of the same appearance.

Mr. Scott.—I can give you a rough idea. It won't be a gospel truth.

Mr. Batheja.—If you cannot give me the information now, you can give it to me later.

Mr. Scott.—Yes.

President.—A 5 lbs. rug takes 10 lbs. of mungo?

Mr. Scott.—It could not be made exclusively of mungo and the yield would depend on the proportion of good wool. The larger the proportion of new wool, the less will be the loss.

Mr. Batheja.—The object of my question is to arrive at what would be the difference if instead of shoddy new wool is used in the same article.

Mr. Scott.—For argument's sake the loss will be 20 per cent. more.

Mr. Addyman.—It is really more than that.

Mr. Scott.—I think it is probably on the low side. I shall work it out now and let you know. You can say 8·6 annas against 11·3—almost a difference of 3 annas a lb. (The slip in which the calculations were made was handed to Mr. Addyman.)

Mr. Batheja.—Instead of a shoddy rug you will have an all wool rug which will be infinitely superior as regards durability and warmth.

Mr. Scott.—Unfortunately that type of wool is not available in India.

Mr. Batheja.—Is it a very superior kind of wool?

Mr. Scott.—It is too superior for India.

Mr. Batheja.—You cannot get even in Bikaner?

Mr. Scott.—No.

Mr. Batheja.—Regarding your reply to question 29, you have said that it is possible to have a rough idea of the efficiency of an Indian weaver as compared with home weaver. What is the difference in efficiency?

Mr. Scott.—In a well set up loom at home you get a girl who is paid about 30 shillings running two looms which are not on difficult sorts and which do not require very many changes.

Mr. Batheja.—I want you to assume that the material that is woven is the same and only the human factor is the variable factor.

Mr. Scott.—For two people at home you will have 3 out here in the weaving shed.

Mr. Batheja.—Can you give us some information about Japan?

Mr. Scott.—I am sorry I cannot.

Mr. Batheja.—In the way in which you maintain efficiency standards, is it possible to compare the efficiency of one mill with that of another so as to find out whether labour is more or less efficient in particular places?

Mr. Scott.—I do not know what system others follow. On the evidence I have here, the standard of efficiency is calculated on the actual number of picks in a loom per hour.

Mr. Batheja.—On your system of efficiency you maintain your labour has attained 95 per cent. which you have laid down. On that basis do you think it will be possible to make a comparison between your standard and that of another mill working the same class of material and with the same class of machinery?

Mr. Scott.—It is not possible.

Mr. Batheja.—Why not?

Mr. Scott.—In the first place we depend for our efficiency on the efficiency of one workman.

Mr. Batheja.—If you can compare the efficiency of an Indian labourer working on identical materials with identical appliances with that of the English labourer, where is the difficulty in comparing the efficiency of one Indian labourer with another Indian labourer under the same conditions?

Mr. Scott.—The reply I gave to your question was based on my own personal knowledge. I have no personal knowledge of the labour in Bombay or any other part of India except Bangalore.

Mr. Batheja.—Suppose we were comparing the efficiency of labour of two mills in Bangalore under your method. It would be possible to have some method of comparison.

Mr. Scott.—We have occasionally recruited discharged labour from the Kaiser-i-Hind Woollen Mills and some have been very good workmen.

Mr. Batheja.—Have you ever tried to manufacture mixed blankets—blankets made of wool and cotton?

Mr. Scott.—We have done so.

Mr. Batheja.—Did you manufacture on a fairly large scale?

Mr. Scott.—We made large quantities in 1934.

Mr. Batheja.—How did these mixed rugs sell in the market?

Mr. Scott.—We sold all that we produced but we sold them at a loss.

Mr. Batheja.—Were you not able to compete with Italian rugs?

Mr. Scott.—Even getting cotton at a given away price from our cotton mill, we could not compete.

Mr. Batheja.—Have you got the costs of a blanket containing 50 per cent. cotton and 50 per cent. wool?

Mr. Scott.—Mixed in the blend?

Mr. Batheja.—What class did you manufacture?

Mr. Scott.—We manufactured a rug similar to the "Victoria" single—exactly the same as a matter of fact.

Mr. Batheja.—Have you got the costings of that?

Mr. Scott.—Yes.

Mr. Addyman.—Are we to understand that since the advent of the Italian rug, the position of the handloom weavers has become worse in so far as the competition between the mill made blanket and the handloom blanket is intensified?

Mr. Scott.—Yes, in my opinion.

Mr. Addyman.—Do you think in the near future the competition is likely to be further intensified between mills and the handlooms?

Mr. Scott.—Yes, unless we get protection against Italian imports.

Mr. Addyman.—On the subject of efficiency, in reply to a question from the President, I think you referred to the production of 15 rugs per loom as a fair standard of efficiency.

Mr. Scott.—Yes, in a particular quality.

Mr. Addyman.—Yes, in a given quality. What would be your fair average production on your average quality?

Mr. Scott.—Taking the quality of rug weighing 3 lbs. from counts 44s Densbury, we can produce 36 rugs per day per loom.

Mr. Addyman.—That is 108 lbs.

Mr. Scott.—Yes, working 10 hours.

Mr. Addyman.—Would you consider that as a fair quality?

Mr. Scott.—Yes.

Mr. Addyman.—The yarn you sold in 1933-34, was that against the Indian Stores Department's contract?

Mr. Scott.—Yes, for jalls.

Mr. Addyman.—Was it supplied in bales or hanks?

Mr. Scott.—In hanks and pressed bundles of 10 lbs. made up in 300 lb. bales.

Mr. Batheja.—Will it be possible for you to export your carpet yarn to other countries where wool is used for carpet purposes?

Mr. Scott.—We have tried to sell yarn in France and in Poland unsuccessfully. Where there is an import duty on yarn and no duty on wool, it is impossible to supply yarn to the Continent.

Mr. Batheja.—Are these duties very high?

Mr. Scott.—In the case of France, yes.

Mr. Batheja.—Most of our carpet wool goes to England and America and some to Germany.

Mr. Scott.—A lot of it goes to Germany.

Mr. Batheja.—I am now talking of carpet wool.

Mr. Scott.—Yes.

Mr. Batheja.—I am suggesting you may send carpet yarn instead of carpet wool.

Mr. Scott.—You have to overcome the duty on yarn. They are just as efficient as we are in spinning yarn. Their cost of spinning yarn will not be greater than ours and in view of the import duty on yarns we will be unable to compete.

President.—What is the weight of the Calcutta rug?

Mr. Scott.—Single 2 lbs. 14 oz. for 100" x 54".

President.—You give the landed cost duty paid as 18·3 annas a lb. The ex-godown price for the Calcutta rug to-day is 3s. 2d. The lowest price was 4 shillings.

Mr. Scott.—The o.i.f. price Indian port last year was 3s. 10½d.

President.—What is your price landed cost duty paid? Is that in Bangalore?

Mr. Scott.—It is the landed cost in Rangoon.

President.—Does that work out at 18·3 annas per lb.?

Mr. Scott.—Yes.

President.—It is about Rs. 3·6?

Mr. Scott.—Yes. The prices given are backed by actual invoices.

President.—I take it that same prices are given here.

Mr. Scott.—Yes.

**THE KAISER-I-HIND WOOLLEN, COTTON AND SILK MILLS,
LIMITED, BANGALORE.**

**Evidence of Mr. J. H. TAYLOR recorded at Bombay on Thursday,
the 7th March, 1935.**

President.—Mr. Taylor, you are representing the Kaiser-i-Hind Woollen, Cotton and Silk Mills, Limited?

Mr. Taylor.—Yes.

President.—The Kaiser-i-Hind Woollen, Cotton and Silk Mills are partly woollen and partly silk?

Mr. Taylor.—Yes.

President.—Does it not spin any cotton at all?

Mr. Taylor.—No, we have only cotton weaving.

President.—Is it a Joint Stock Company?

Mr. Taylor.—Yes.

President.—It is a public company and its balance sheets are published.

Mr. Taylor.—Yes.

President.—And separate accounts are kept of the Woollen Department?

Mr. Taylor.—Yes. The whole thing is treated as two mills.

President.—Costings are worked out separately?

Mr. Taylor.—Yes.

President.—How long have you been with the Kaiser-i-Hind Mill?

Mr. Taylor.—2 years this March 1st.

President.—When was the mill started?

Mr. Taylor.—In 1922.

President.—Was the machinery new then?

Mr. Taylor.—No. Most of it was purchased secondhand.

President.—Do you regard it as in any way suffering from that fact?

Mr. Taylor.—It requires a lot of overhauling.

President.—Apart from that is the machinery in your opinion fairly efficient?

Mr. Taylor.—It is in a fairly good condition considering its age.

President.—How old is it?

Mr. Taylor.—Some of the machines are as old as 1880 to 1890. I should say on the average it is about 20 to 30 years old.

President.—You put the cost of the mill at about Rs. 10 lakhs.

Mr. Taylor.—Yes.

President.—And the cost of setting up a mill of the same capacity would be about Rs. 12 lakhs?

Mr. Taylor.—Yes.

President.—The difference between Rs. 10 and Rs. 12 lakhs in spite of the fall in cost of machinery is due to the fact that you have put new machinery into the estimate?

Mr. Taylor.—Yes.

President.—The figure you estimated of Rs. 4 lakhs as the working capital is based on the experience of your present mill?

Mr. Taylor.—Yes.

President.—What percentage of your annual expenditure is that? You have put your manufacturing costs at Rs. 4 lakhs and your raw material at Rs. 2½ to Rs. 3 lakhs, Rs. 4 lakhs compared with Rs. 7 lakhs. Does that work out to 60 per cent.?

Mr. Taylor.—Yes.

President.—Do you regard it essential to have more than six months' expenditure as working capital?

Mr. Taylor.—Yes.

President.—What is the reason for having so high a proportion?

Mr. Taylor.—Because our trade is seasonal. Practically out of the 12 months we would only be busy for 4 months.

President.—What is the effect of that on your working capital? Does it mean that you would have to carry stocks for a longer period of finished goods?

Mr. Taylor.—Yes.

President.—What is the supply of raw material that you have to maintain? How often can you purchase?

Mr. Taylor.—We are purchasing every week according to the quality. All the wool we are purchasing is local.

President.—How many clips are there in a year?

Mr. Taylor.—2 clips.

President.—Do you purchase as soon as it is clipped?

Mr. Taylor.—Yes, it depends upon our requirements. Generally it pays us to wait a little time after it is clipped. We watch the market. We have our own men there on the spot. We send our own men.

President.—Do you buy from the upcountry markets?

Mr. Taylor.—All the South India markets.

President.—The whole of the wool used by you is Mysore?

Mr. Taylor.—Yes and Madras. I should say that we use about 5 per cent. of imported wool.

President.—By imported wool you mean East Indian type?

Mr. Taylor.—Yes, Basra wool.

President.—Your prices of wool given in your Appendix D differ a good deal from the prices supplied to us by the Bangalore Woollen, Cotton and Silk Mills. Is there any reason for that?

Mr. Taylor.—We buy as cheaply as possible.

President.—In some years you have paid more; in some years you have paid less. It seems a curious fact that in the case of the two mills in the same place the average price should be different. Does your output vary?

Mr. Taylor.—Not since I have been there. I should say the Bangalore Woollen, Cotton and Silk Mills make better rugs than we do.

President.—They have told us that last year they have turned their attention to finer quality of rugs, and have used imported wool. In spite of that their average in 1934 is lower than yours. Yours has gone up in 1934-35 whereas theirs shows a definite decline.

Mr. Taylor.—In 1934-35; this is taken up to December only.

President.—Is there another clip to come in that year?

Mr. Taylor.—Yes, we have been concentrating on the cheapest wool rug.

President.—Is that for the purpose of Government contracts?

Mr. Taylor.—No.

President.—For the markets?

Mr. Taylor.—Yes.

President.—Apart from what is known as the Barrack blanket you are making the cheapest kind.

Mr. Taylor.—These are the only two kinds we are manufacturing in bulk.

President.—Where is your market for this cheap rug?

Mr. Taylor.—All over India. We send some of them to Bombay, Calcutta and United Provinces. Most of our singles are sold in Madras.

President.—Have you any idea of the extent to which the cottage industry is developed in Madras in these country blankets?

Mr. Taylor.—You mean kumblies?

President.—Yes, your blankets compete with kumblies.

Mr. Taylor.—In appearance and handle it is more superior to the kumblies. The handloom kumbli is a grey blanket.

President.—And yours?

Mr. Taylor.—Finished and dyed.

President.—Do you dye the blankets?

Mr. Taylor.—We dye the blankets.

President.—Is the blanket you dye made of selected wool or made of greys?

Mr. Taylor.—Grey with white over red or green. White over check is the colour most of the people like. There are some who like brilliant colour.

President.—Your estimate of total possible production in answer to question 9 is reduced, because you say your cards are not really suitable for the selected 8 skeins.

Mr. Taylor.—Our average skein is 3 to 4.

President.—What is the highest you spin actually?

Mr. Taylor.—8 skeins is the finest we can do.

President.—I understand you to mean by this that in order to make your cards really suitable for 8 skeins, they would have to be re clothed.

Mr. Taylor.—A certain amount. Most of the cards would have to be re clothed.

President.—Assuming that you re cloth your cards, what would you put your estimate of your total production at, working 9 hours a day. It would increase the 2,800 lbs. to what figure?

Mr. Taylor.—I should just say just about 4,000 lbs.

President.—2,800 lbs. is about 13 oz. per spindle. 3,500 lbs. would be what?

Mr. Taylor.—18 oz.

President.—Do you regard 18 oz. as a reasonable estimate?

Mr. Taylor.—Yes.

President.—Your number of employees is given in Appendix A.

Mr. Taylor.—Yes.

President.—Ten hours you are working at present.

Mr. Taylor.—Yes.

President.—The estimate we asked was on the basis of 9 hours.

Mr. Taylor.—Yes.

Mr. Addymun.—3,500 lbs. is just 17 oz.

Mr. Taylor.—That is about right.

President.—In your Appendix A you mention W. winding and W. weaving. W means I suppose woollen. Where are warping figures shown? Are they included in the weaving figures?

Mr. Taylor.—Warping and weaving combined.

President.—The figure of 160 shown for the last year seems very high. Does it include warpers?

Mr. Taylor.—Yes and weaver boys.

President.—Who are they?

Mr. Taylor.—Bobbin changers. They are not actually weavers but weaver boys getting Rs. 4 or Rs. 3 per mensem. Most of them really work half a day.

Mr. Batheja.—Are they assistants to weavers?

Mr. Taylor.—We call them weaver boys. We classify them according to their skill. They really can weave, but we call them weaver boys. They are more or less assistants. Most of them are under age but some of them full age.

President.—Your figures of employees strike a layman like me as high. Are they high in your opinion?

Mr. Taylor.—They are high. We are three miles out of Bangalore. We have labour which is not exactly skilled but which is half skilled. What they have learnt they have picked up at our mill. When they become efficient they have a tendency to leave us. Our mill is more or less a training school.

President.—Why should that be?

Mr. Taylor.—They go elsewhere where they get better pay.

President.—Is that because your terms of employment are irregular?

Mr. Taylor.—That has been the case in some instances. We have closed down indefinitely for slackness of work.

President.—The corollary of this is I suppose that your level of wages is rather lower than elsewhere.

Mr. Taylor.—Certainly lower than Binny's.

Mr. Batheja.—Would it not pay you in the long run to give your labour higher wages?

Mr. Taylor.—It would pay us to increase the wages if they were proficient enough.

President.—On the other hand unless you give them higher wages you cannot keep them long enough to increase their efficiency.

Mr. Taylor.—We have no fixed basis of wages. If a man remains with us for more than two years we give him an anna increase. For our old employees we give better wages.

President.—Does that mean that your system of payment is paternal rather than economical? Don't you pay a man what he is worth?

Mr. Taylor.—We study the individual naturally better when he remains with us for three or four years than the man who has been with us only for six months, and therefore he is entitled in our opinion to more pay than the man who is new to us.

President.—That relates I presume to monthly wages.

Mr. Taylor.—Yes.

President.—What about piecewages? Are they fixed?

Mr. Taylor.—The man earns as much as he can. The rate is fixed. That is not a personal matter. We have a fixed rate for piecework.

President.—For that purpose you will have to have efficiency standards.

Mr. Taylor.—Yes.

President.—How have you fixed those efficiency standards? Are they fixed on the basis of what the machinery can turn out or what the labour can turn out?

Mr. Taylor.—We have an efficiency standard per loom—40 per cent. of its maximum output.

President.—Is your efficiency standard 40 per cent.?

Mr. Taylor.—That means to say, if a loom runs for full ten hours, that is its maximum output; that is without stoppage of any kind. For stoppages for changing bobbins, breakages of weft, etc., we reckon 40 per cent.

President.—Do you work up to 60 per cent.?

Mr. Taylor.—60 per cent. of maximum output. You have to take into consideration there the quality of the material. If the yarn was of finer quality, the efficiency standard would go up.

President.—I will take note at this stage that you have put in a revised answer to question 29. Does not the fact that most of your labour attains the standard you have fixed coupled with your admission that your efficiency is rather low show that your standard is low?

Mr. Taylor.—Our quality is changed.

President.—Quality of what?

Mr. Taylor.—Quality of yarn. For one week we might be running on barrack blankets. The blanket yarn is infinitely better.

President.—Are there any other qualities besides the barrack blanket?

Mr. Taylor.—Only a small percentage of what we call superior rugs; the output is very small.

President.—Apart from the blanket yarn which you have supplied to jail manufacture, do you normally put on the market much yarn?

Mr. Taylor.—Very little. We just send samples against local enquiries or anything like that for carpet weaving and handloom weaving.

President.—In Mysore?

Mr. Taylor.—Yes.

President.—What would normally be the carpet yarn?

Mr. Taylor.—3 skeins.

President.—That is for the local carpet.

Mr. Taylor.—For druggets.

President.—I will pass over the questions of yield and costings which I will take later. Have you much rolling stock? What is rolling stock?

Mr. Taylor.—Bullock carts, motor cycles, lorries, etc.

President.—Everything comes in 20 per cent.?

Mr. Taylor.—Yes.

President.—The managing agents' remuneration, apart from their commission on net profits, is for what purpose? Is it an addition to the ordinary office establishment or is it for the purpose of paying office establishment?

Mr. Taylor.—It is a remuneration.

President.—It is in addition to the ordinary office establishment.

Mr. Taylor.—Yes.

President.—The interest you have to pay is rather high.

Mr. Taylor.—We have paid higher than this. This is the lowest figure we have ever paid.

President.—Is this the normal Bank rate?

Mr. Taylor.—Personally I think it is exceptionally high.

Mr. Batheja.—You pay this interest to the Mysore Bank or private bankers?

Mr. Taylor.—Mysore Bank.

President.—Is the rate charged by the Mysore Bank?

Mr. Taylor.—Yes.

President.—What I really want to know is whether that is the normal fixed rate charged by the Bank or is it peculiar to your own circumstances. Where the credit of a particular company is lower than normal, of course a high rate is charged. That you cannot answer?

Mr. Taylor.—No.

President.—Regarding your reply to question 26, showing your realisations, the first column of your statement is for your lowest type of blanket?

Mr. Taylor.—It is the popular type.

President.—There has been a fall of over 50 per cent.

Mr. Taylor.—Since 1925.

President.—In the superior type of blanket, the fall is much less—about 25 per cent.

Mr. Taylor.—I should think the percentage of superior blankets to inferior blankets is not even 5—I mean in quantity.

President.—But the figure shows that a severe competition has been in the cheaper type of rug.

Mr. Taylor.—Yes.

President.—That is more due to the foreign than internal competition.

Mr. Taylor.—Yes.

President.—But you say the largest fall has been before foreign competition started on an extensive scale. These figures are before your time and therefore you may not be able to explain it.

Mr. Taylor.—From what I have been informed and from the samples I have seen which were manufactured in 1925 and even earlier than that, the lowest type then was of much better quality than our lowest type now. That is why the price was very high. We were not making a very cheap wool rug in those years.

President.—That means to say, in order to compete with your competitors. . . .

Mr. Taylor.—We had to put it cheap.

President.—You had to reduce your cost of production and your price.

Mr. Taylor.—Yes. In 1925 we could get Rs. 5-2 per rug because there were no Italian imports.

President.—But the point I was going to draw your attention to is: between that year and the year 1928-29 in which the Italian competition became intensive the price of your rug fell from Rs. 5-2 to Rs. 3-4. The assumption I wanted to make is that it was due to internal competition between mills.

Mr. Taylor.—The quality of these two rugs is entirely different. Although I say it was the lowest quality in 1925, it does not mean that that blanket was identically the same as that which we are manufacturing to-day.

Mr. Rahimtoola.—Has the quality become superior or inferior?

Mr. Taylor.—Inferior.

Mr. Rahimtoola.—That is to say, you are competing more with handloom weavers.

Mr. Taylor.—We have to cut price to compete in the market.

Mr. Rahimtoola.—Now it has become more internal than external.

Mr. Taylor.—We are not competing with handloom blankets which are totally different from the blankets we are making. We are putting on the market the cheapest possible and best looking rug we can.

President.—Let me come back to my point. There must have been some reason for this deterioration in quality between 1925 and 1928-29 and since foreign competition during those years was not very intensive, it must have been due to competition within the country. If you were able to sell a blanket of a superior quality for Rs. 5-2 in 1925 and had to reduce the quality in order to sell in 1928-29 for Rs. 3-4, I presume there must have been pretty intensive internal competition at that time in India.

Mr. Taylor.—But in 1928-29 the Italian imports started coming in.

President.—This fall was before that. If there was no foreign competition it must have been due to internal competition.

Mr. Taylor.—I must trace up those figures.

President.—You would rather not give a decided answer?

Mr. Taylor.—No. I would rather see the 1927-28 figures.

President.—I shall have something more to say to-morrow about this as I am anxious to get at this question of internal competition. I think perhaps you misunderstood the point of question 26 (c). The point of that question was: if there has been a decided fall in your realisations over a number of years, is the fall in that regard more steep than the fall in wholesale prices—the reference was not to the wholesale prices of woollen goods particularly but to the general fall in wholesale prices—or has it tended to follow the curve of wholesale prices? You have not studied the fall, have you?

Mr. Taylor.—No.

President.—Take question 27: when you say "middlemen keep a profit of 2 to 4 annas" is it 2 to 4 annas per lb. or what?

Mr. Taylor.—Per maund.

President.—A maund is how much?

Mr. Taylor.—28 lbs.

President.—Question 28: The figures of discounts you allow to your selling agents seem to me extremely high. You have to add 10 per cent. plus 5 per cent., that is 15 per cent. to your selling price in order to sell them. You are starting off with a pretty big handicap. What is the reason for these very high commissions?

Mr. Taylor.—Our agents think that they can get better sales if they allow to the purchaser more discount out of the discount that we allow them. He gives to the purchaser say an extra $7\frac{1}{2}$ per cent. or even 12 per cent. so that the man thinks he is getting something cheap.

Mr. Batheja.—You provide for this excessive commission in the costs?

Mr. Taylor.—We always add it on.

Mr. Batheja.—Is this the determined policy of the managing agents?

Mr. Taylor.—Yes.

President.—You have mill quarters for your work people?

Mr. Taylor.—Not for all.

President.—For what percentage of them?

Mr. Taylor.—We have 40 houses.

President.—How many employees are housed?

Mr. Taylor.—Each house is for one family.

President.—That is only for a small proportion of your workmen?

Mr. Taylor.—The whole family is working in the mill. Most of our work people work in the mill because they are all more or less local people.

President.—Do you charge rent?

Mr. Taylor.—Yes, depending on the size of the house.

President.—Where do the rest of the people live?

Mr. Taylor.—There are two small villages in between Bangalore and our mill. They come from there.

President.—Question 32: There seems to be some confusion about prices of Italian rugs. Do they vary in weight even under the same trade name? For instance take the "Calcutta" rug; it is stated to be 2 lbs. 14 ozs. whereas you put it at 2 lbs. 2 ozs.?

Mr. Taylor.—That should be 2 lbs. 12 ozs.

President.—And the weight of your own rug?

Mr. Taylor.—Three pounds.

President.—The new "Bombay Fancy"?

Mr. Taylor.—3 to $3\frac{1}{4}$ lbs.

President.—And the "Tartan"?

Mr. Taylor.— $4\frac{1}{2}$ to 5 lbs.

President.—You put the difficulties of manufacturing finer quality of goods in India down to the want of finer quality of Indian wool. That rather begs the question we are asking. We were assuming, I think, that there would be no difficulty in importing the kind of wool you wanted; the difficulties we were referring to were rather manufacturing difficulties. Given a finer quality of wool, imported or indigenous, what are the difficulties in your experience of turning out a finer quality of goods? Your experience of course is confined to blankets practically?

Mr. Taylor.—We make nothing else. We have no worsted plants at all. We have not even tried to make tweeds or anything like that.

President.—I am rather surprised to see in question 38 your opinion that Indian wool has no milling properties. We have been given to understand that one of the good qualities of South Indian wool is that it has milling qualities?

Mr. Taylor.—There are milling properties and milling-properties. The thing which affects milling in the woollen fibre is its serrations. If you take South Indian wool it has few serrations or very little.

Mr. Addyman.—Do you find any difficulty in milling this wool at all?

Mr. Taylor.—It will not mill quickly and if you want prolonged milling the material is not good enough, it fluxes.

President.—In talking of wools the Mysore Industries Department have given us to understand that there are two sorts of wool in Mysore; one is almost a hair which has hardly any properties of wool and a better class of wool. Is that correct?

Mr. Taylor.—That is 80 per cent. and 20 per cent.

President.—Are these two inextricably mixed in the ordinary wool which you buy?

Mr. Taylor.—In some cases yes although the dead wool and the shorn wool are kept separately.

President.—Talking of shorn wool there seems to be a sort of sheep which produces hair and there is a better class of sheep the breed of which is very small. That class the Mysore Government is trying to improve. You do use this hairy wool, do you?

Mr. Taylor.—We use as much as we can buy. In fact that is our bulk.

President.—It is not unsuitable for the cheap class of rugs you produce?

Mr. Taylor.—That is the class from which we make these rugs. For barrack blankets we use shorn wool.

President.—Do you use limed wool?

Mr. Taylor.—A little, perhaps 10 per cent. We call it p quality. Different districts have different qualities depending on the environment of the sheep. If it comes from a poor district where the pasturage is poor and water is scarce then naturally the wool is very coarse and brittle.

President.—Does the limed wool take the dye?

Mr. Taylor.—We get mostly grey and black. There is some p which will take the dye.

President.—Is there any process of getting rid of the lime?

Mr. Taylor.—Only shaking.

President.—What was the extent of your trade with Burma?

Mr. Taylor.—I don't think it was anything big but I have never heard it talked about a great deal.

President.—The question of railway freights is rather a difficult one. You have quoted an example of sending goods to Calcutta. Naturally if you send goods to Calcutta from Bangalore you are going to be at a very great freight disadvantage with goods which go to Calcutta direct by sea.

But there are other markets in India in which you should have a corresponding advantage. Does the advantage and disadvantage tend to work itself out?

Mr. Taylor.—They do not tally. Madras, Calcutta and Bombay are our biggest markets.

President.—In all the ports you have a freight disadvantage?

Mr. Taylor.—Yes. Bombay and Calcutta are big markets for us.

President.—That being so what was the point in setting up a mill at Bangalore?

Mr. Taylor.—Wool on the spot.

President.—You save railway freight on the raw material?

Mr. Taylor.—Yes with the present type of our products, but if we came to manufacture blankets and rugs where we required better Busra and Northern India wool of the Kandahar brand the railway freight would come to about 1 anna 3 pies per lb.

President.—When you come to produce better qualities of material your position is handicapped in getting raw material?

Mr. Taylor.—Yes.

President.—Let us now come to question 44. Naturally you expect that full time working will enable you to effect considerable reduction in the cost of production.

Mr. Taylor.—We would do that.

President.—That is the normal reduction which follows larger output. Do you anticipate that better markets for your output would enable you to devote your attention to further economies; if so, what sort of economies do you expect to be able to obtain under a system of protection?

Mr. Taylor.—If we had what I might say 100 per cent. working, naturally the people employed would become more skilled and we would get better yarns, better blankets at the lowest cost.

President.—There are limits to that improvement, aren't there, put by your raw material?

Mr. Taylor.—You mean having to bring in the raw material?

President.—No; by the nature of the raw material at your disposal. You can effect economy in the production of your rugs but you are handicapped by the nature of your materials in ever producing a rug to hold its own in the world market in competition with Italian rugs?

Mr. Taylor.—I think that a rug from Kandahar and Bikaner wool can be made quite equal in handle and appearance to any rug imported from Italy.

President.—Have you been able to conduct any experiments to support this belief?

Mr. Taylor.—In appearance and handle I think a Bangalore rug although its price is Rs. 12-8—that is our cost price—is in my opinion a better rug than the Italian rug.

President.—That is from what wool?

Mr. Taylor.—From Kandahar brown, Bikaner white with 10 per cent of Busra white.

President.—And the price is about 5 times that of the Italian rug?

Mr. Taylor.—It cost me Rs. 12-8 to make it—5 lbs. 90" x 60"

President.—You would have to sell it at Rs. 16?

Mr. Taylor.—Rs. 14-8.

President.—And the price of an Italian rug of similar style?

Mr. Taylor.—It will be about Rs. 4.

President.—Of what wool?

Mr. Taylor.—An Italian shoddy rug, the "Gloria" rug.

Mr. Addyman.—At what price is the gloria selling to-day in Bangalore?

Mr. Taylor.—Rs. 5-13.

President.—There can be no comparison between that beautiful rug you refer to and the Italian shoddy one.

Mr. Taylor.—Not as far as good rugs go.

President.—Have you any idea of what would be the price of the Italian rug made of new wool? Italian rugs do come in made of new wool?

Mr. Taylor.—I have never seen any selling in Bangalore. The cheaper the stuff is in Bangalore, the better it sells.

Mr. Rahimtoola.—Since how long have you been using shoddy in the mixings? You have been making some blankets.

Mr. Taylor.—Rugs and blankets.

Mr. Rahimtoola.—Since how long?

Mr. Taylor.—We always use our own shoddy.

Mr. Rahimtoola.—Have you not tried any experiments with shoddy purchased from outside?

Mr. Taylor.—I have got samples from home and the landed price is 5 to 9 annas per lb.

President.—Delivered in Bangalore?

Mr. Taylor.—Delivered in Bombay.

Mr. Rahimtoola.—You don't think it a feasible proposition.

Mr. Taylor.—When I talk of the quality of the shoddy, it is our own shoddy.

Mr. Batheja.—The wool that is obtained from the working of the mill.

Mr. Taylor.—The wool which we recover back is shoddy.

Mr. Rahimtoola.—Your answer to question 17 (a); I find the waste with regard to blankets varying very much. Is it to suit the particular kind of brand per year or what is it?

Mr. Taylor.—Sometimes we might have been selling 4 lbs. rugs and sometimes 3 lbs. rugs.

Mr. Rahimtoola.—According to the taste of the market?

Mr. Taylor.—Yes.

Mr. Rahimtoola.—And according to the competition you meet with.

Mr. Taylor.—For that weight of rugs. If you like detailed figures, I can send them.

Mr. Rahimtoola.—Have you got them?

Mr. Taylor.—I can get them taken out.

Mr. Rahimtoola.—There is very great variation. You have supplied to the jails 223,000 lbs. of yarn.

Mr. Taylor.—Yes in two years 1930-31 and 1931-32.

Mr. Rahimtoola.—I suppose you are in a position to supply if there is a further demand.

Mr. Taylor.—We can supply to-day, because we have no orders for rugs. We have got sufficient to keep our looms running on our average skeins of 3 to 4.

Mr. Rahimtoola.—Is there a demand for blanket yarn outside the jails?

Mr. Taylor.—Nothing to speak of.

Mr. Rahimtoola.—You have not got any orders?

Mr. Taylor.—No. The only enquiry we have got this time is from Rangoon.

Mr. Rahimtoola.—Have you been able to supply?

Mr. Taylor.—It is still open. That is for 140,000 lbs.

President.—Would that involve the working of your spindles all the time?

Mr. Taylor.—Not at present.

Mr. Rahimtoola.—With regard to depreciation you say for double shift working you require 75 per cent. more. Does it mean that the quality turned out in the night shift is not the same as in the day shift?

Mr. Taylor.—It is supposed to be identically the same.

Mr. Rahimtoola.—What is the idea of asking only 75 per cent. more and not double for the double shift?

Mr. Taylor.—I am of opinion that a machine running not the full 24 hours does not depreciate by double the amount.

President.—Does this include not only machinery but buildings?

Mr. Taylor.—Buildings are separate.

President.—My colleague's point is if you work double shift, is 75 per cent. depreciation enough?

Mr. Taylor.—That is inclusive of everything.

President.—It is inclusive of buildings and machinery. Buildings do not depreciate to the same extent?

Mr. Taylor.—No.

President.—You haven't got double storeyed buildings?

Mr. Taylor.—No.

President.—In your case the double shift would hardly affect the buildings at all.

Mr. Taylor.—Very little.

Mr. Rahimtoola.—Formerly you said in answer to question 26 that superior kind of rugs used to sell very well. I suppose things have now changed. Is that correct?

Mr. Taylor.—They are not selling very well now.

Mr. Rahimtoola.—When did you feel this competition so severely with regard to the superior kind of rug?

Mr. Taylor.—The quantity of superior blankets we manufactured has been very small since 1922, but these last four years we have had less sales in the superior blanket.

Mr. Rahimtoola.—This also is due to competition from Italy.

Mr. Taylor.—I take it so.

Mr. Rahimtoola.—Japanese is not yet in the field with regard to superior blankets.

Mr. Taylor.—No. The Japanese trade has not affected us a great deal.

Mr. Rahimtoola.—This 12½ per cent. on nett profits means after depreciation.

Mr. Taylor.—You mean for the Managing Agents?

Mr. Rahimtoola.—Yes.

Mr. Taylor.—After everything is taken.

Mr. Rahimtoola.—After depreciation and dividend.

Mr. Taylor.—Yes.

Mr. Rahimtoola.—With regard to the labour question in Appendix A, you said that the labour was rather excessive. If you will see from 1926-27 onwards it has gone on increasing from 428 to 735, and your output has practically remained stationary in most of the years if not all the years.

Mr. Taylor.—These figures were compiled from our muster attendance for 1927-28 and 1928-29. I would not say that actually these are the figures that are working.

Mr. Rahimtoola.—Why should they differ?

Mr. Taylor.—It doesn't mean to say that all our people on the muster are working. It is very difficult to find the number of people without going into details.

Mr. Rahimtoola.—Muster shows the daily attendance.

Mr. Taylor.—We have the total muster. Each department has an attendance roll.

Mr. Rahimtoola.—Absent and present?

Mr. Taylor.—Yes.

Mr. Addyman.—Have you included the absent and present in giving your figures?

Mr. Taylor.—Yes.

Mr. Rahimtoola.—Could you give us correct figures?

Mr. Taylor.—I don't think there will be a great difference. This may be on the top side. Absentees are not very many.

Mr. Rahimtoola.—In spite of the production being stationary, it is increased by 100 per cent.

Mr. Taylor.—We have now more boys and girls than we had previously and some of these are half time people.

Mr. Rahimtoola.—There should be some surplus.

Mr. Taylor.—Some of them work half a day. That is to say 2 are down for one.

Mr. Batheja.—Is your total wage bill down in spite of the increase in the number of workers?

Mr. Addyman.—The labour cost in 1933-34 is 2 annas per lb. and in 1932-33 it is 2 annas 5 pies.

Mr. Rahimtoola.—The total wage bill is not down. In answer to question 32 you say "The prices of imported goods have been lower in most cases by 30 to 40 per cent.". You are also confining entirely to Italian goods?

Mr. Taylor.—Yes.

Mr. Rahimtoola.—And not taking into consideration the recent imports of Japanese blankets.

Mr. Taylor.—No.

Mr. Rahimtoola.—Question 35 is: "What are the difficulties in the manufacture in India of the finer qualities of worsted goods"?

Mr. Taylor.—We don't make any worsted goods.

Mr. Rahimtoola.—You are attributing it to the want of Indian wool.

Mr. Taylor.—We have no business to answer that question. We will probably be trespassing on somebody else's business of which we know nothing about.

Mr. Batheja.—Please refer to your answer to question 19. How does your yarn compare with handspun yarn which is used for manufacturing blankets?

Mr. Taylor.—Our yarn is more uniform and of stronger twist.

Mr. Batheja.—How does it compete with price?

Mr. Taylor.—You mean the handspun yarn?

Mr. Batheja.—Yes.

Mr. Taylor.—Handspun yarn is not sold in our district. The only people who make it, make it for their own use. I do not know what the selling price is.

Mr. Batheja.—Has there been any enquiry from people using fly shuttle looms for machine made yarn?

Mr. Taylor.—Not in our coarse counts. Ours is really not suitable for that type of loom. We have had two or three local enquiries for small quantities of mill spun yarn. It is a matter of 200 or 500 lbs.

Mr. Batheja.—You have supplied costings of a blanket in reply to question 21. Have you sent a sample of that blanket?

Mr. Taylor.—I thought we did send that.

Mr. Batheja.—Can you send a sample?

Mr. Taylor.—Yes. I am very much surprised that the sample for which I have given you the costings is not here.

Mr. Batheja.—Is the quality referred to in answer to question 21 the same as that which is referred to as the lowest quality in reply to question 26?

Mr. Taylor.—Yes, this is our medium class rug.

Mr. Batheja.—Would it be convenient for you to send us samples of the lowest quality?

Mr. Taylor.—I shall ask my office to send samples of all the three qualities.

Mr. Batheja.—Am I right in saying that the handloom product consists of two sorts; one which is used by coolies partly as a waterproof and partly as a covering and one which is used also by the urban classes. After all the handloom industry had a market in the urban area in small towns, in villages and so on. The upper and lower middle class used to wear handloom products. Does your lowest quality product compete with this sort of product?

Mr. Taylor.—The only sort of handloom product that is woven in our district is the monial blanket which is supposed to be waterproof and it is called grey blanket. That is sold to the planters.

Mr. Batheja.—Am I right in presuming that there is also a second class handloom product which has a market in urban areas?

Mr. Taylor.—I have never seen. If there is, I should certainly have seen it.

Mr. Batheja.—Can you definitely say that there is no competition between your lowest product and the product of the handloom industry?

Mr. Taylor.—No competition.

Mr. Batheja.—Do you sell your blanket all over India?

Mr. Taylor.—We have agents in all the chief towns in India.

Mr. Addyman.—Do you sell your blankets in the same district where the handloom products are sold?

Mr. Taylor.—I dare say to a certain extent.

Mr. Addyman.—And yet there is no competition?

Mr. Taylor.—It is a different class of blanket.

Mr. Addyman.—Are you getting a higher price?

Mr. Taylor.—We are getting a higher price.

Mr. Batheja.—Since on account of the internal and foreign competition your prices have been depressed very much in recent years. Some of your blankets must have reached a point at which they may be competing with the products of the handloom industry in at least certain districts of Northern India, if not in Southern India. You are not aware of that.

Mr. Taylor.—No.

President.—The Kumbli is a South India product.

Mr. Taylor.—Yes.

President.—It is made in the Central Provinces and in the Bombay Presidency, but we don't find it made to any large extent in Northern India where they don't use it as a waterproof. They only want it for covering. In these areas there is competition between the handloom products and the lowest product of a mill.

Mr. Taylor.—I understand there is a big mill in Northern India manufacturing cheap products.

Mr. Batheja.—In the cheap variety you had the largest sale in Northern India.

Mr. Taylor.—5,000 to 10,000 is the maximum we have sold.

Mr. Batheja.—Otherwise most of your goods are sold in Southern India?

Mr. Taylor.—And in Central India.

Mr. Batheja.—What do you mean by Central India?

Mr. Taylor.—Bombay is Central India for us. We also sell in Nagpur.

Mr. Batheja.—Are you satisfied with the location of your mill at Bangalore or would you select some other place if you had a chance of starting a new mill?

Mr. Taylor.—There are two sides to that question. Bangalore itself is a good spot as far as wool goes but as far as selling our products goes it is a bad place.

Mr. Batheja.—Is there a more suitable place which would combine the advantages of both which would give you the raw material and at the same time not put you at an unfair disadvantage as regards railway freight?

Mr. Taylor.—I think a mill in Bombay has a better advantage than we have. I think the Raymond Woollen Mills are in a better position than we are as regards the position of the mill—I don't mean exactly the Raymond Woollen Mills but any mill in Bombay itself.

Mr. Batheja.—On the other hand some of the Bombay mills have agreed that their location in Bombay is rather not satisfactory.

President.—It is a question of markets. The market of the Bombay Woollen Mills is not very large in Bombay itself.

Mr. Taylor.—We have a good market in Bombay.

President.—Do you know where your products go to?

Mr. Taylor.—Bombay Presidency.

Mr. Batheja.—Have you made any representation to the railway authorities for the reduction of freight in order to enable you to meet the foreign competition more easily?

Mr. Taylor.—Not to my knowledge. We have a distinct advantage in that we are able to get wool at a very cheap rate on the railway.

Mr. Batheja.—Are you thinking of using more and more Khandahar wool?

Mr. Taylor.—I am trying to get that wool to-day.

Mr. Batheja.—Are you seriously handicapped in the use of that material on account of the railway freight?

Mr. Taylor.—Yes. Khandahar wool in my opinion is equal to Busra. The rate to me in Bangalore is 4 annas 3 pies per lb.

Mr. Batheja.—Is not that cheaper than Busra?

Mr. Taylor.—Yes.

President.—Where do you get the Khandahar wool from?

Mr. Taylor.—From Delhi.

Mr. Batheja.—Khandahar wool goes to Shikharpur.

Mr. Taylor.—I got it through a man from Delhi. I am in the stage of making negotiations with him.

Mr. Batheja.—Will the use of Khandahar wool improve your quality?

Mr. Taylor.—It will make a better and superior blanket.

President.—What is it going to cost you at Bangalore?

Mr. Taylor.—4 annas 3 pies per lb. That is one anna cheaper than Busra.

Mr. Batheja.—Have you any idea where your Delhi agent buys the Khandahar wool from?

Mr. Taylor.—I could not say. Mr. Addyman, have you had much experience of that wool?

Mr. Addyman.—Quite a lot.

Mr. Taylor.—What about the quality? Do you consider it equal to Busra?

Mr. Addyman.—It all depends upon the purpose for which you are going to use it.

Mr. Batheja.—Coming back to the question of machinery do you think that the saving which you might effect under your repairs and maintenance is more or less than the charges you might incur on increased capital used for replacing the old machinery? In reply to the question from the President you said that you had incurred very heavy charges on repairs and maintenance.

Mr. Taylor.—Yes, due to the old machine. We are not in a position to buy new machinery.

Mr. Batheja.—Are your repair charges heavier than capital charges?

Mr. Taylor.—Repair charges have been pretty heavy because I have made it a point of trying to bring it up to a standard.

Mr. Batheja.—Have you ever produced half cotton and half wool rug?

Mr. Taylor.—No. Our carding machines are not suitable for making mixtures.

Mr. Batheja.—Is there any technical difficulty for making mixtures?

Mr. Taylor.—Provided we have suitable carding machines, I don't think there is any difficulty.

Mr. Batheja.—Will not your woollen fabrics be affected if for part of the year you are producing mixtures?

Mr. Taylor.—I am not manufacturing them.

Mr. Batheja.—Are there any insuperable difficulties in the way of a mill which is producing pure woollen articles and manufacturing mixtures at the same time?

Mr. Taylor.—There is very great difficulty set up because you get cotton coming back in your shoddy.

Mr. Batheja.—Have you tried any experiments on mixtures?

Mr. Taylor.—I dare not do it when I am doing Government contracts.

Mr. Batheja.—Have you tried to make any experiments on shoddies?

Mr. Taylor.—Only our own shoddy and not imported shoddy.

Mr. Rahimtoola.—I asked you about the Japanese competition and you said that you were not very much aware of it. May I draw your attention to what you say in your last paragraph?

Mr. Taylor.—I am just pointing out that the Japanese competition is coming.

Mr. Rahimtoola.—You are not at present troubled in any way by this competition?

Mr. Taylor.—No. I have pointed that out as a sort of finale.

Mr. Rahimtoola.—The language used is strong. I thought you might have had some experience of the Japanese blankets which are at present in the market.

Mr. Taylor.—As far as we are concerned, we have not felt the competition. I have only brought that out as a sort of conclusion.

Mr. Addyman.—In the statement you have handed in to-day you give the average spinning and carding costs—the average for both departments. Is it possible for you to supply the Board with wages for carding separately?

Mr. Taylor.—I have men working in the carding department drawing 7 annas and I have also men working in the same department drawing 10 annas.

Mr. Addyman.—What the Board would like to have is the average for carding and the average for spinning?

Mr. Taylor.—Both are the same. Perhaps—I am speaking roughly—spinning will be a little less.

Mr. Addyman.—It would help the Board if you could give the figures separately.

Mr. Taylor.—I could do that.

Mr. Addyman.—Your cost to produce in 1932-33 was 2 annas per lb. more than the cost to produce in 1933-34 while the quantity produced is approximately the same.

Mr. Taylor.—You will find the total production in 1933-34 was much larger owing to the barrack blanket order.

Mr. Addyman.—Finished goods produced are:—

1934-35—929,800 lbs.

1933-34—1,072,591 lbs. costing per lb. 6 annas 1 pie.

1932-33—870,726 lbs. costing per lb. 7 annas 11 pies.

The production in 1932-33 was less by two lakhs of lbs. and the cost to produce was about 1 anna 10 pies more.

Mr. Taylor.—At the beginning of 1933-34 there were some reductions in labour—in pay especially for heads of departments.

Mr. Addyman.—Does that make a difference of so much per lb.?

Mr. Taylor.—There is also a reduction in stores. There is a reduction of 5 pies in labour, power and stores.

Mr. Addyman.—There is saving over running costs.

Mr. Taylor.—Yes.

Mr. Addyman.—Repairs and maintenance have jumped up considerably.

Mr. Taylor.—I have tried to bring the machinery to a decent standard. With that object in view I have spent quite a lot on it.

Mr. Addyman.—Will that expenditure have to be continued?

Mr. Taylor.—It will be a high figure this year.



सत्यमेव जयते

THE BRITISH INDIA CORPORATION, LIMITED, CAWNPORE.

**Evidence of Mr. W. R. WATT recorded at Bombay on Tuesday,
the 19th March, 1935.**

President.—Mr. Watt, you are Joint Manager of the Cawnpore Woollen Mills?

Mr. Watt.—Yes.

President.—And you represent to-day both the Cawnpore Woollen Mills and the New Egerton Woollen Mills?

Mr. Watt.—Yes.

President.—I should like to know before we start the extent to which you are prepared to give evidence on behalf of the British India Corporation. In our telegraphic correspondence the point has not been made clear by the British India Corporation.

Mr. Watt.—In their letter to me they request me to make it clear that I shall not be at liberty to go beyond the terms of the letter and the representation which has been submitted. I am not in other words be empowered to divulge any figures about output, etc.

President.—That means that you are bound by this decision of your Board, that it is not desirable in the interests of your shareholders to divulge any figures of cost, output, etc.?

Mr. Watt.—Yes.

President.—That being so, I shall refrain from asking you to go beyond your terms, but I cannot guarantee that some of the questions which I may put to you will not put you in an awkward position. I will put it in another way: I can't guarantee that the questions which I shall ask you will not involve your going beyond your terms: that will be for you to decide.

Mr. Watt.—I may, if I feel so disposed, reply to them by referring to my instructions.

President.—The first conclusion that I draw from the first paragraph of this letter is that you are not a party to the application for protection made by certain other members of the woollen industry. Is that a correct conclusion to draw from this paragraph?

Mr. Watt.—We did not actually join in making the original representation although this representation was forwarded to us and had our sympathetic support.

President.—There are two conclusions which may, it seems to me, be legitimately drawn from this attitude of your Board: one is that you have not felt it necessary to apply for full protection but that you would be satisfied by the action taken to rectify the exchange advantage given to Japan. That is one general conclusion I can draw. The second is that you do not approve of the methods which have hitherto been followed by the Tariff Board in arriving at what they consider to be the need for protection and the volume of protection required. It must be clear, I think, to your Board and to you that if the Tariff Board follows the procedure which has invariably been followed in the past, it cannot come to any conclusion regarding the need for protection and the volume of protection which is required. The volume of protection which is required can only be calculated on the basis of costings and output, the very points on which they are unwilling to give us any information. Which of these conclusions am I to draw? Are you prepared to answer that question?

Mr. Watt.—The only reason that I know as to the grounds on which they decline to give our costings, etc., is that given in this letter, that

it would not be in the interests of the shareholders for this information to be divulged.

President.—You are aware of the undertaking the Board has given that information which it is undesirable to publish should not be made public and would be kept private. I hope you realise our difficulties.

Mr. Watt.—It is my personal opinion that our Board do recognize your difficulties and hope you will also recognize their obligation towards their shareholders.

President.—I am unable to reconcile the claim that the industry requires protection with the counter claim of the shareholders. It seems to me they are trying to get it both ways. If it is in the interest of the shareholders that there should be protection given to the industry, it must also surely be in the interest of the shareholders that a certain amount of information on which the Board can act should also be given. However I won't pursue that because I quite realise you are not entitled to speak on behalf of your Board.

Mr. Watt.—Yes, Sir. I have no instructions on this point.

President.—There is one question I think I can ask you without forcing you to go beyond your authority in the interest of general statistics. In 1930 an application was made by certain mills—their names I am sorry I have not got—in which they gave certain statistics relating to the woollen industry. In those statistics they gave the number of spindles and looms in all the mills in India. You probably know the letter I am referring to. I will quote the number of spindles and looms given against your two mills and if they are incorrect I should like to know it. They are:—

	Looms.	Spindles.
New Egerton Woollen Mills—		
Woollen side	85	3,600
Worsted side	447	10,400
Cawnpore Woollen Mills—		
Woollen side	192	4,320
Worsted side	523	18,434

Can I take it that these figures are approximately correct?

Mr. Watt.—They are not, to the best of my recollection.

President.—Are you willing to correct them?

Mr. Watt.—I believe they are wrong, but can't tell you what the right ones are, because I have not got the records with me.

President.—These are the figures which were given to the Government of India in an application by the woollen industry in 1930, and I presume you must have been cognisant of it if they were not correct. These were the only figures available to the Government of India.

Mr. Batheja.—You can't even say whether they were correct at that date when they were communicated to the Government of India?

Mr. Watt.—I don't recollect the circumstances under which this application was made but I don't think we had anything to do with it: I don't know where these figures came from. I can certainly say that the figures for woollen spindles for both mills are entirely wrong.

Mr. Rahimtoola.—They were wrong even in 1930?

Mr. Watt.—Yes. I believe so.

President.—This is the application, I should imagine, which was made in 1930 to the Government of India for protection to which the answer was given which is referred to in the representation which comes from the Millowners' Association, and which the Government of India turned down on certain grounds referred to in that representation. I will address the British India Corporation asking them to correct these figures because there is no conceivable reason I can think of to prevent them from giving

correct figures to us of spindles and looms. There are statistics which are published for every country in the world of figures of looms and spindles. Coming to your answers to the questionnaire, you say "the amount sunk in these two mills is in the neighbourhood of Rs. 4 crores". What exactly is the meaning of the expression "sunk"?

Mr. Watt.—Put in from time to time.

President.—Invested from time to time?

Mr. Watt.—Yes.

President.—You go on to say that the minimum cost of erecting similar mills would be considerably in excess of this figure of Rs. 4 crores. Can you substantiate that at all? I may tell you why I ask this question: we have been trying to arrive at what should be the minimum capital charges of a mill of a given size. A number of mills have answered this question: I will refer to only one. The Raymond Woollen Mills have given us a figure of Rs. 26 lakhs for a mill containing both worsted and woollen sides and they give the number of spindles at about 10,000 for the worsted side and 3,000 on the woollen side. Even if we assume that your two mills together are four times the size of the Raymond mills we should arrive at only Rs. 1 crore and not 4 crores. I should like to know whether this is a very rough calculation?

Mr. Watt.—I actually did not work out this figure myself, but it is I think a fair estimate.

President.—Unless I had some more accurate figures of your machinery, it would be impossible for me to check this, but as I say on the information which has been given to us by other mills, it seems to me to be greatly exaggerated. At the bottom of page 1 of your answer you said that you can hold your own against all countries except Japan on the worsted side of the industry, the assumption being that the present rates of duties remain untouched. That means that the revenue duties to-day are treated as protective duties. Is that your meaning?

Mr. Watt.—On the present basis of duties and currencies.

President.—Putting aside currencies for the moment, assuming that the present revenue duties are treated as protective duties, you are content with the present rates.

Mr. Watt.—We can hold our own on the worsted side at present except against Japan.

President.—Since when would you put the Japanese competition as having become intensive?

Mr. Watt.—Since the last three years.

President.—In this particular section of worsted piecegoods?

Mr. Watt.—Yes.

President.—I notice that in the woollen section you state that you produce yarns of very fine quality. Is this very fine yarn sold largely? You say that you do sell some raw material, but this very fine yarn is consumed only in your own mills?

Mr. Watt.—Merino of 300 counts are utilised by ourselves only at present.

President.—For the fine woollen materials?

Mr. Watt.—Yes.

President.—Is it right to say that in general the competition from Italy to which you refer here is in the coarser type of blanket and woollen goods? We understand from other evidence that Italian competition is most intensive in its shoddy and mixed goods and not in its finer goods.

Mr. Watt.—We have found it probably chiefly in that type. Also Italian piecegoods—shoddy piecegoods—are admittedly coming into the country and we are meeting competition from them.

President.—Both shoddy blankets and shoddy piecegoods?

Mr. Watt.—Yes.

President.—They are generally of coarser variety and the competition from Italy in its finer goods is not felt by you?

Mr. Watt.—Not to the same extent as in the other.

President.—Have you experience of Japanese shoddy goods?

Mr. Watt.—Very little. They have been coming for the last two winters.

President.—At present the Japanese competition on the woollen side is confined practically to blankets?

Mr. Watt.—On the woollen side it is what you might call definitely potential rather than actual competition. It is there the whole time, but we don't get it in the bulk which you might naturally expect.

President.—Does that apply to blankets or other forms of woollen goods?

Mr. Watt.—Chiefly to the coarser variety of their woollen goods. You do find blazer flannels in quantities, but shoddy broadcloths and that sort of thing, although they are found in the bazaars, are not there in the quantities which it seems to me are likely to turn up at any time.

President.—That is from your experience of Japan in other lines?

Mr. Watt.—Yes.

President.—In your hosiery do I take it that your competition is in the market with the newly formed hosiery companies of the Punjab and elsewhere?

Mr. Watt.—There is internal competition as well as competition from outside.

President.—You don't confine yourself in any way to Government contracts?

Mr. Watt.—No.

President.—In hosiery what form does the Japanese competition take? Is it in pure wool merino garment or in the cotton mixture? What is the most effective competitive article which comes from Japan?

Mr. Watt.—There are two types of articles which affect us. They are the pure woollen sweater, pullover, slipover, etc., and the mixture one which is not entirely pure wool but of the same type. Both equally exert pressure in different ranges.

President.—Is the mixture very much cheaper than the pure woollen garment?

Mr. Watt.—As I am not in touch with the most recent prices, I would not like to specify a figure of price. Our own articles of course are of the pure wool type, but there are different qualities of the pure wool type—whether, for example, made of fine crossbred or pure Indian wool. The pressure is exerted against both the types.

President.—Is the mixed hosiery which comes from Japan the union type or of mixed wool and cotton in the raw material?

Mr. Watt.—The ones that I examined myself consist largely of cotton yarn with worsted or woollen yarn.

President.—Coming to wool, we are anxious to gain some idea of the proportion of wools of India which can be regarded as of the finer quality suitable for low class worsted spinning similar to, say, crossbred types of Australian wool. Can you give us any idea of the amount of wool of that type which is available in India? Various estimates of the total wool supplied in India have been made. I think we can take it that the supply of wool which remains in India and which is not exported, will probably be anything between 30 millions and 50 millions. The estimates vary very greatly and something between 30 and 50 millions is also exported. Lately the average may be put as high as 50 millions. Out of the total supply of Indian wool if it can be put at 80 million lbs., what proportion in your opinion could be considered to be of the higher type?

Mr. Watt.—Wool of the higher type you refer to is found in two areas—that producing the Joria Wool and what might be called the Bikaner area.

By the latter I mean Bikaner State itself with Jaisalmer State and the adjacent portions of the Punjab. What is required it seems to me is really an estimate of the amount of the clip produced in these areas but the clip varies very considerably and I should be very diffident indeed about estimating the volume in any one season from any one of these areas.

President.—Do you have any difficulty in obtaining all that you want?

Mr. Watt.—In some seasons we have in the best qualities.

President.—And if, as you hope, you were able to work your mills to their full capacity, do you consider that you would have difficulty in obtaining what wool of the higher type you want and you would have to use inferior quality?

Mr. Watt.—I am afraid I don't follow. Is it your assumption that we would not be importing any wool?

President.—Not at all. You have said somewhere that you yourselves would be prepared to use something like 10 times the amount of Indian wool if you are working to full capacity. That is a very big order, and I was wondering whether you can tell us if you were able to use 10 times the Indian wool that you are using at present, you would be able to get all the superior wool you want. This question is very closely connected with the efforts which are being made by the Agricultural Research Council for improving the types of wool. Does your experience lead you to suppose that the improvement which has been carried out is widespread and noticeable in the market supply?

Mr. Watt.—For over 20 years to my knowledge experiments have been going on at Hissar.

President.—Have they produced wool in marketable quantities?

Mr. Watt.—We buy their clip twice a year. The unfortunate thing about it is that it is still a small quantity.

President.—You have also said that they don't keep in touch with the manufacturers.

Mr. Watt.—That is the feeling that we have.

President.—Does that mean that the types which they are producing are not quite suitable?

Mr. Watt.—There doesn't seem to be any co-ordinated effort on the part of the various Veterinary Departments of the different Provinces. In the Punjab at Hissar the "Hissar Dale" is a new mark which is being developed by the present Superintendent. We have been watching to see if it is going to be a standardised type, as we think must be the Superintendent's hope that it will become a standardised type, but there are other experiments going on we believe down in South India. We do not know whether the authorities there are closely in touch with the North Indian experiments or not. We have seen the wool once or twice and we felt that it was not of the same type or so good as the Hissar wool and that the two stations were proceeding on divergent lines. What we feel about it is that there should be some sort of central body which would be in a position to control and direct the experiments even if they were over a vast area such as that between the Punjab and South India.

President.—Do you use South Indian wools?

Mr. Watt.—Very little. We do occasionally use them. Freight is a great deterrent.

President.—What about the plains' wool of the United Provinces and the Punjab? Do they differ very greatly from the ordinary common type of Central India and South India?

Mr. Watt.—The plains wool of the United Provinces to my mind is much coarser than the better type that we were discussing represented by the Bikaner wool, but it is a definitely better type than what I have seen from South India, Central India or Deccan.

President.—Is it a greasy wool?

Mr. Watt.—The United Provinces wool? No.

President.—Are you able to tell us what proportions of Indian wools and foreign wools you use?

Mr. Watt.—I am afraid not. I have not got the figures in my head. It very largely depends on the demand.

President.—Speaking generally, I suppose we can say that your woollen section uses chiefly Indian or East Indian wools and your worsted section imported wool?

Mr. Watt.—Speaking very generally, that is right.

President.—Let us pass on to your reply to question 17. Am I to understand from this that you don't manufacture mixtures to any large extent?

Mr. Watt.—Not at present.

President.—Is this the reason which you have indicated here that Japanese and Italian mixtures prevent you from getting a proper price? When you talk of the low price of imported products, what types of mixtures are you thinking of—worsted mixtures which come from Japan and woollen mixtures which come from Italy or what?

Mr. Watt.—We are thinking of mixtures of cotton with either virgin wool or raw wool which are imported mainly from European countries.

President.—As regards low prices of imported products, we have had no evidence, as far as I can recollect, of any very low prices of mixtures except those from Japan and, if you call Italian shoddies mixtures, from Italy. Are there any other countries, except perhaps Poland which are sending any other mixtures?

Mr. Watt.—Yes, the United Kingdom also sends shoddy mixtures.

President.—Is Japan sending any mixtures in the higher counts of worsted goods such as tropical suitings which you cannot compete with? Are these tropical suitings mixtures or are they made chiefly of pure wool?

Mr. Watt.—They are pure wool articles.

President.—Are they what you might call worsted mixtures? I do not know whether you call them mixtures or union. We have had samples of Japanese cloths shown to us—tropical suitings type—which are mixtures of cotton and wool and possibly other materials.

Mr. Watt.—I have not examined such myself.

President.—You say that you are supplying other manufacturers with yarn to a small extent because you are unable to compete with the low rates at which Japan is sending. Have you ever had a considerable market for your yarns in India or elsewhere?

Mr. Watt.—Yes, in India we have had for both woollen and worsted yarn.

President.—Up to what period—until Japan came in?

Mr. Watt.—No. We had Continental competition—chiefly Polish competition—prior to that.

President.—Was that the competition which tended to keep you out of the market?

Mr. Watt.—It was chiefly that competition which drove us to developing other lines—using our yarns in other ways.

President.—We have had statements made to us that certain manufacturers of hosiery or weaving are anxious or have been anxious to use Indian made yarn and they have been unable to get what they wanted from your mills, no reason being assigned. What would be the reason for that?

Mr. Watt.—I am afraid I could not give any general reason except one of price—we cannot compete with imports from Japan and Poland.

President.—The assumption generally made by the complainants was that you were unwilling to supply competitive concerns or competitive manufacturers with yarn.

Mr. Watt.—No, at the time we might have been unable to do it.

President.—Am I to take it that you are willing to supply yarn if anybody wants it, provided it is available?

Mr. Watt.—And provided the price is right, undoubtedly.

President.—Seeing that you are not putting large quantities on the market on account of Japanese competition, quantities would not ordinarily be available, and if you got a small order for a few thousand lbs. only of yarn you would not set out to make it, would you? I want to know what the truth is. I want to know whether you would ordinarily make it for the market or not.

Mr. Watt.—What we have recently found is that it has been largely a question of price. If it is a worsted hosiery yarn, that is required for example, we have to compete against a Japanese yarn which is sold at a price which we cannot touch.

President.—I assume that if any one did for any particular reason at a given time want Indian mill spun yarn instead of Japanese yarn, he might not be able to get it from you because you would not be on the market at the time?

Mr. Watt.—Quite possible—but for small quantities only when it might not pay us to set up machines specially. If protected we should possibly hold stocks of all popular counts.

President.—You go on to say that at reasonable rates you are prepared to put on the market as much as 30 to 40 lakhs of pounds per annum. The maximum imports of yarn which I have been able to find in the Customs Statistics are 19 lakhs of pounds in 1932-33, so that your assertion means that you are prepared to put on the market twice the volume of yarn which has ever been imported in a single year. This again I am unable to check because we have no statistics of your mills.

Mr. Maloney.—Mr. Watt is pointing out that, taking worsted yarn, knitting yarn and all types of yarn together, the figure of consumption of yarn is greatly in excess of the figure which he has named.

President.—On page 15 of the joint representation, the figure of 8 million lbs. is mentioned taking 2/20s: that is worsted yarn only. In 1932-33 the imports amounted to (912,000 lbs. worsted weaving yarn + 995,000 lbs. of knitting wool) 19 lakhs of lbs.

Mr. Maloney.—In 1934-35 the imports of worsted yarn came to about 1,300,000 lbs. and those of knitting wool about 1,400,000 lbs. These are only for nine months.

President.—That is bringing us rather up-to-date. We do not know really to what extent the market is going to absorb it.

Mr. Maloney.—Quite.

Mr. Watt.—Our figure of course refers to both mills and for both woollen and worsted yarns.

President.—The figures which I have just quoted included both woollen and worsted. There is no other Customs classification. The Customs classifications are, I admit, not satisfactory. One is weaving yarn which includes hosiery yarn and another knitting wool.

Mr. Maloney.—The point you are making is whether we anticipate at present that there would be capacity in the country to consume the double shift output of the Cawnpore Woollen Mills and the Dhariwal Woollen Mills.

President.—They are only part of the industry of India. There were two points arising out of that. One was guarding against the possibility of over-production. The second was what you meant by reasonable rates. What is the point you are trying to make by your answer to this question. We have again arrived at a dead end. I take it you are trying to make out that if we can, by protection, give you reasonable rates you will be able to supply all India's reasonable demands. On the other hand we have no means of ascertaining what is a reasonable rate. What you would consider

to be a reasonable rate the public might consider to be an unreasonable rate. There are no statistics whereby we can come to any conclusion as to what is a reasonable rate.

Mr. Watt.—The word "reasonable" was introduced with reference to the competing Japanese rate which we consider to be definitely unreasonable.

President.—Can we reword it: "were the demand at rates which were in force before the Japanese competition started to arise, we could do . . ."

Mr. Watt.—Yes "before Japanese and Poland competition started".

President.—It comes back to this that the only unreasonable rate in the market is the Japanese rate.

Mr. Watt.—Yes, at the present moment.

President.—As regards your reply to question 26, have you any ground for your understanding that Japan is enjoying the benefit of indirect shipping subsidies or is this a general vague belief?

Mr. Watt.—It is only the widespread belief that we have expressed.

President.—You have not been able to obtain any evidence?

Mr. Watt.—We have not been able to obtain any definite evidence, but wool suppliers in Australia have told us so.

President.—When you say your own staff purchases raw material direct wherever possible, what exactly do you mean? Do you actually buy in the country at the collecting centres?

Mr. Watt.—Yes, at collecting centres through our own employees.

President.—They sort out the wool at the collecting centre?

Mr. Watt.—They choose what they want.

President.—I would like to ask you about your efficiency standards. You state in general that the standard of Indian labour is about $7\frac{1}{2}$ to 15 per cent. below that of highly industrialised Western countries?

Mr. Watt.—That is the expression of our opinion. I have no figures that I can produce to give you the exact measure.

President.—You have the advantage, I understand, over many other mills of being able to keep your labour for long periods. Is that a fact?

Mr. Watt.—We have certainly a large number of employees who are long time workers.

President.—In a place like Dhariwal you would not have constant changes like mills at more industrialised centres?

Mr. Watt.—I believe that is so.

President.—Do you believe that your Indian labour owes some of its efficiency to that fact?

Mr. Watt.—I believe that may be so.

President.—Does the same thing apply to Cawnpore?

Mr. Watt.—There is a bigger amount of movement naturally in Cawnpore between factory and factory.

President.—Do you run your labour on efficiency standards? Have you laid down efficiency standards in the various branches—in spinning, weaving and so on?

Mr. Watt.—No exactly. We know what the output, say, from particular machines for a particular count should be and we see we get it.

President.—How do you see you get it?

Mr. Watt.—We know by checking daily outturn records.

President.—If your labour is incapable of working up to that standard do you have to sack them?

Mr. Watt.—We naturally only retain efficient labour.

President.—Do you mean your standard is subject to conditions?

Mr. Watt.—Subject to certain conditions.

President.—When you say what a given machine ought to turn out subject to certain conditions, is it subject to the general efficiency of Indian labour?

Mr. Watt.—Yes.

President.—Is that standard of general efficiency which I am trying to get at empirical; is it based on what you know?

Mr. Watt.—It is an empirical figure.

President.—You do not lay down what a machine working under perfect conditions ought to produce and put that as your efficiency standard?

Mr. Watt.—We have done that generally.

President.—Have you used the standard in determining your piece wages?

Mr. Watt.—That I do not know.

President.—You must in determining what your piece wages ought to be, have a standard of what a good man ought to produce?

Mr. Watt.—I don't know exactly on what basis piece rates were fixed.

President.—Attached to our questionnaire was a request that the mills would be good enough to forward to us samples of a complete range of their goods in the various categories. We have had no reply to that. Is that also one of the things which the Corporation is unwilling to supply? Can I take it that the Corporation will have no objection to let us know what they are producing? You will find a copy of our letter in which we have asked for samples under the categories which we have given and we have also asked for prices of competing goods. If you will let us have the range of samples of your products with their prices it might be useful. In answer to question 32 you refer us to the average cost of various imported articles which we can obtain from the Custom House returns. We are of course perfectly aware that the Customs returns do contain total values of imports but they are quite useless for any comparison with the goods which are manufactured in India. The average value, for instance, of Italian blankets would be quite useless for the purpose of comparing the price of a given type of Italian blanket with a similar type of Indian article. We can get no sort of indication of the amount of protection needed on the various types of articles by a reference to the Custom House returns. Nor can we accept your assertion here that the selling rate of the Japanese product is 50 per cent. less than your actual cost of production unless we have something to substantiate your actual cost of production. I will now pass on to question 36 where you say "Owing to Japanese competition the effect of the successive increase of duty since 1931 has been *nil*". I doubt if that is the correct way of putting it. The result to you may have been the same but that does not mean that the effect of the duties has been *nil*. The effect of the duty on the competition of certain countries may have been great although it may not have affected the Japanese imports. Do you know the effect on competition from other countries?

Mr. Watt.—I think we were looking more to the cumulative effect . . .

President.—Obviously it applies only to the cumulative effect, but we were looking to something more than that because Japan is something quite unique in the woollen market as well as in the other markets. Their competition apparently has been able to leap all barriers, but has not the effect of the duties been serious to certain other countries; certainly imports have come down from other countries very considerably. I wonder if you could tell us at all whether you think that result is due to the raising of the duties or to any other causes?

Mr. Watt.—I am afraid I have not examined the question in that light at all, but the huge increase in Japanese imports must naturally depress the volume of imports from other countries.

President.—It is a question of some importance in dealing with the general effects of the protective tariff. In the same way you say that the minimum specific duty of Re. 1-2 per lb. has not been as far as you are concerned of the slightest use.

Mr. Watt.—That is from the same point of view in the case of Japanese imports of light weight worsted.

President.—The reason is, in light weight articles the *ad valorem* duty comes into force before the specific duty does, but in heavier fine types of articles the specific duty has had considerable effect. We have been told in the Punjab, for instance, that the manufacture of certain types of shawls by the handloom industry has been greatly assisted by this duty. You cannot say what effect it has on the hand loom industry or the hosiery weaver?

Mr. Watt.—I have no information about that subject at all.

President.—Have you ever had a foreign market?

Mr. Watt.—Yes, before the war we had agencies both in Arabia and Persia, and an export trade with the Middle East.

President.—And since the war?

Mr. Watt.—Nothing. In the immediate years succeeding the war our agency in Arabia was revived but we had to close it down after a few years.

President.—There are one or two questions about your answer to question 41. If I understand your answer rightly, you are satisfied that even to-day the articles you produce are in every way equal in finish and handle to the foreign article. I may tell you why I put it like that. We have been told by a number of other mills who use particularly large quantities of Indian wool that they are quite unable at present to compete in finish and handle with the goods which come from Japan and Italy. They hope they will be able to, some of them claim that they can do it, but some say even at a price they are unable to put the finish and handle to the Indian wools which the cheap foreign article has. Is your claim different from that? Do you claim that your article to-day is in every way equal to the imported article?

Mr. Watt.—You have brought in the question of Indian wool very deliberately, but I would rather put it like this, that if we had to match an imported article we could do it,—but not necessarily with Indian wool.

President.—I may tell you my reason for mentioning Indian wool. It seems to me that if you are going to base your competitive article on foreign wool, you are at once making it difficult to compete in the matter of price and you are also raising the other thorny problem of the importation of raw materials. I would like to know whether you consider that the product of the Indian wool can ever be made to compete in handle and finish with the foreign article? It has been suggested to us that you in Northern India for instance may be enjoying a better water supply and that possibly has a considerable effect on the finish and handle of these goods. Is that a fact in regard to your own mills? Are you peculiarly favourably situated in the matter of water supply: is that a fact which is of some consequence?

Mr. Watt.—It is a fact that the water supply may exercise an influence on the finishing of woollen goods.

President.—You do not claim any benefit of nature?

Mr. Watt.—No, we ourselves lay claim to no benefit of nature.

President.—And is it the effect of that that you are able to put a better finish on your goods made of Indian wool so that they can compete with the foreign article? I am anxious to know whether it is possible by any means to use Indian wool, the raw material of the country, and produce an article which can compete in finish and handle with the cheaper foreign articles which are coming in and whether you claim that you would be able to do so although in price you may not compete.

Mr. Watt.—I think it is possible in some instances; whether it will be entirely successful in others I cannot say, but in some I think it will be a reasonable success.

President.—Do you consider that there is a definite change towards woollen articles on the part of the public?

Mr. Watt.—I think so.

President.—They are changing over from other materials to wool?

Mr. Watt.—They are changing over to wool and are changing to finer qualities as well.

President.—You believe in consequence of that there is likely to be an expanding market for woollen goods in the near future?

Mr. Watt.—I think so.

President.—You are of opinion that handmade products and millmade products do not really affect one another in the market very much?

Mr. Watt.—Not very much.

President.—That does not coincide with the other opinions we have received. There must be a point at which the two supplies overlap say your lowest quality and the handloom better quality. Let me put it this way: has the foreign competition driven the Indian mills to produce a lower article which definitely competes with the handloom product? It has been put to us by some one else that the reason for the competition of mills with the handloom is that the mills can no longer produce at a competitive price the superior article and they have been driven to produce a lower quality article which does actually compete with the handloom product. That is not your experience?

Mr. Watt.—No, it is not our experience.

President.—In answer to question 44 you assert that 10 years would be the minimum period in which it will be possible for the industry as a whole to develop. What exactly is meant by that? The industry has been carrying on for over 50 years. What do you mean when you say it is going to take 10 years to develop?

Mr. Watt.—To develop so that it can supply the country's requirements.

President.—It is not correct really to think of the woollen industry in India as a nascent industry—it is nearly as old as myself—and no longer should require to be treated as a nascent industry. When you say “to develop”

Mr. Watt.—Yes to secure all the benefits for the country.

President.—Are you thinking peculiarly of the Japanese competition here and do you mean that within 10 years the Indian industry would be able to set its house in order and that it would be able to compete even against Japan? Is that the line of thought?

Mr. Watt.—The line of thought is that 10 years would be the minimum period within which the industry could, as it were, consolidate to itself the benefits which might accrue to it from the adoption of the policy of protection.

President.—You are not thinking of yourself, but the rest of the industry.

Mr. Watt.—Thinking of the whole industry.

President.—Am I to take it that the assumption underlying this is that the industry has not attempted in the past to develop itself on modern lines, that it is out of date and requires time to put its house in order?

Mr. Watt.—The industry as a whole is to-day up against a very special problem, the problem of this one country.

Mr. Batheja.—You have mentioned three countries, Poland, Italy and Japan.

Mr. Watt.—Yes.

President.—Do I take it that you really mean protection in any shape or form is given which cover a period of 10 years during which you think the industry will be able so to develop itself on modern lines that it would be able to stand without any further protection?

Mr. Watt.—That is the idea.

President.—Even against Japan?

Mr. Watt.—Yes.

President.—As on a previous occasion you have in your recommendations in answer to question 45 made the assumption that it is possible for India to take special action against Japan by tariffs or quotas. I think you must know that it is not possible in India at any rate to take any special action against one country by means of either tariffs or quotas owing to the Most Favoured Nation clause which is in all the treaties which India has with other countries. We cannot put on duties "such that the Japanese manufacturers could not quote a lower price than that quoted for imports from other countries". That means putting a special tariff on Japanese goods which is not a practical proposition owing to the treaties we have with Japan and with other countries. And the only possible way of dealing with quotas is that suggested by the Millowners Association fixing a quota against all countries.

Mr. Watt.—Quite.

President.—This is a fact which has been pointed out to your Board of Directors when they made the application under the Safeguarding of Industries Act. The reply of the Government to your Board was very clear on that point.

Mr. Watt.—As regards quota also? For I have no recollection of any such communication.

President.—The answer must apply to quotas also, for you cannot take unfavourable action against any one country except under the Safeguarding of Industries Act (which is about to go out of force) where one country depreciates its currency.

Mr. Maloney.—Is that an accepted definition of the Most Favoured Nation treatment in regard to quotas? It is new to me that you could not possibly impose a quota.

President.—I am only giving you my own opinion. I cannot speak for the Government of India. It seems to me that there is no distinction between a tariff imposed against a single country and a quota excluding the goods of a particular country.

Mr. Maloney.—Other countries have adopted the policy of protection.

President.—By special trade agreement?

Mr. Maloney.—France has adopted the quota system without any trade agreement. I do not know about Great Britain.

President.—At any rate I understand the Government of India is not prepared to take such action. France actually withdraw most of the objectionable quotas against Great Britain when protests were made. That raises big political questions into which I am not prepared to go at present. My own view is that we could not possibly make a recommendation for a quota against a single nation. Our work would be greatly simplified, if at any moment we could deal with any one nation without any further consideration, but I cannot imagine it is a proper political procedure. I should like to ask you one question about this thorny problem of Unions and Mixtures. You suggest that Unions might be treated as cotton goods. I suppose you mean that where the bulk of the foreign material in an article is cotton, it should be treated as cotton and where the bulk is wool, it should be treated as wool.

Mr. Watt.—I did consider the question of percentage. Percentages have already been fixed I believe.

President.—It is rather an unsatisfactory fixing. We are rather anxious to arrive at some conclusion as to what should be called a woollen mixture and what should be called a cotton mixture. I understand the general opinion of the joint representation was that 25 per cent. will be a reasonable figure. Anything containing 25 per cent. wool should be considered a

woollen mixture. If it contains less than 25 per cent. wool, it should be called some other mixture. If cotton was the biggest element, it would be called a cotton mixture and possibly it would come under a class in the customs tariff dealing with cotton mixtures. At present there is none to cover such cases.

Mr. Maloney.—There is no special class of that type. Everything now becomes woollen mixtures under the general definition.

President.—I have not studied this from the cotton point of view. Is there a class which puts a special duty of more than 50 per cent?

Mr. Maloney.—There is none.

President.—At any rate it is your point that there is at present a big gap between the cotton duties and the woollen duties and that should be covered.

Mr. Watt.—They should be covered by throwing the cotton wool union into the cotton side.

President.—What do you suggest as a reasonable percentage of cotton to constitute a wool mixture? Do you agree that a garment or a fabric should be called legitimately woollen if it contained 25 per cent. wool?

Mr. Watt.—I certainly think the name should not be used when the mixture contains only 20 per cent.

President.—I am not suggesting that a mixture containing 20 per cent. wool should be called woollen. What I really meant was this: can a mixture containing 25 per cent. wool reasonably pass in the market as a woollen article?

Mr. Watt.—I think not.

President.—What would you put the percentage at? I have seen a Japanese blanket with 25 per cent. wool which I would have passed as a woollen blanket.

Mr. Watt.—I have asked Mr. Maloney. I have given him a figure. Neither of us remember it.

Mr. Maloney.—I can look it up. The problem seems different. This is a special classification of woollen mixtures and they would not necessarily have the same duties.

President.—If a fabric contains so little wool that it cannot pass in the market as wool, there is no fear of competition with the woollen article. If a mixture containing 25 per cent. or less of wool cannot reasonably pass as a woollen garment, there is no justification really for treating it as a woollen garment and putting on it the same duty, but if you can suggest a percentage which we could reasonably follow in classing a mixed article as woollen for the purpose of the import duty, that is what we want. Do you think it would be reasonable to have a varied rate of duty for mixtures according to the amount of wool? I think the suggestion which has come from the other representatives is that there is a given rate on cotton and there is a given rate on wool. If the two are mixed together, the percentage should be varied according to the proportion.

Mr. Watt.—I think it would be extremely difficult to apply from the Customs point of view.

President.—Is there any reason to have a varying rate? Is it desirable to have a varying rate? There is not really sufficient difference between the cotton tariff and the woollen tariff to make it worth while to go into detailed percentages of cotton and wool. You might treat it broadly and treat all mixtures alike.

Mr. Maloney.—A great deal depends upon whether there is going to be an *ad valorem* duty combined with a specific duty. If it is simply an *ad valorem* rate, it is not so complicated, but if we are depending for our protection on pure woollen articles on specific duty, you have a complicated problem to deal with in regard to mixtures of wool with any other material.

President.—It is almost impossible to get away from some percentage of mixtures. However if you are not prepared to answer at the moment, you might think it over and let us have your opinion.

Mr. Watt.—Yes.

President.—The last sentence of your answer puzzles me. You say: "The idea of a quota on her goods is not in itself repugnant to Japan . . .". I should have thought that the repugnance was dependent entirely on the nature of the quota. If the effect of the quota were to exclude Japan entirely, I cannot imagine how Japan would welcome it so that it doesn't really mean much. It is dependent entirely on the period which is taken for fixing the quota and the way in which you fix it. If you took the average imports of Japan for the period before Japan really began to flood the market, the effect of that quota would be almost to exclude Japan from the market.

Mr. Watt.—Certainly.

President.—So that it really does not help us much when you say that Japan does not mind.

Mr. Watt.—The whole point of the remark was that Japan herself was endeavouring to get the principle accepted of a quota over a certain period—I forget what period unfortunately now—in respect of imports of cotton hosiery into Great Britain.

President.—I take it that nobody would have any objection to the idea of a quota, except possibly in theory, provided it admits a reasonable amount of his goods. That is really the sole criterion.

Mr. Watt.—Yes.

Mr. Rahimtoola.—I would like to understand your position a little more clearly. You don't represent the British India Corporation, Limited, before us to-day, do you?

Mr. Watt.—They have asked me to give evidence.

Mr. Rahimtoola.—On their behalf?

Mr. Watt.—Yes, on behalf of their two Woollen branches.

Mr. Rahimtoola.—You have stated to the Board that the two Mills which you represent here were not applicants to protection along with the other Mills? Is that correct?

Mr. Watt.—We did not join in their original representation.

Mr. Rahimtoola.—That means you are not one of the principal parties who are applying for protection?

Mr. Watt.—That is in a way correct.

Mr. Rahimtoola.—But in the representation that you have submitted you have stated that you would support generally the suggestions put forward by the Member Mills of the Association?

Mr. Watt.—That is so.

Mr. Rahimtoola.—It means that the two mills which you represent here were not in need of protection but that you had a lot of sympathy with the brother or sister members of the Association?

Mr. Watt.—It means that we did not actually associate ourselves in the first instance but we are strongly sympathetic to their representation.

Mr. Rahimtoola.—You say that you are thoroughly sympathetic to their representation, but you must remember one thing that when you say that you are not principal parties to protection, it can easily be assumed that you did not feel the need for protection at that time at least when the other Mills applied for it or the other Mills did not ask you to join them in their application to the Government of India asking for protection. It cannot have any other meaning. The Board must have a clear idea as to the attitude which the two Mills you represent here take in this matter. The British India Corporation, Limited, should put forward before the Board

clearly their attitude with regard to the protection of this industry. If you were not applying to Government for protection along with the other mills, there could only be two meanings. One is that you did not feel the need for protection and another is that when the other Mills applied, they did not consult you or ask you to join them in their application to Government. There cannot be any other meaning and the Board would like to know what your attitude was with regard to the scheme of protection.

Mr. Watt.—The British India Corporation did not, as I said, actually join in the representation put forward by the other Mills, but they were in sympathy with the application for protection which was put forward on behalf of the other members of the industry.

Mr. Rahimtoola.—I am afraid, Mr. Watt, I must tell you that you are not replying to the point I have raised. You are merely repeating your answer which I want to clear up. Either say that you want to have time to think over the problem or you must give me a categorical answer to the question I have put. There is no use in repeating your answer which is not clear to me. I want to know whether the people who had applied to Government for protection asked you to join them.

Mr. Watt.—Yes.

Mr. Rahimtoola.—And you did not join them?

Mr. Watt.—No.

Mr. Rahimtoola.—That means we can assume at that time at least the Corporation did not feel the need for protection.

President.—There is another alternative, viz., that the British India Corporation might have intended at that time to put in their own representation following different lines.

Mr. Rahimtoola.—I want to know from Mr. Watt.

Mr. Watt.—I am afraid I cannot reply to that.

Mr. Rahimtoola.—Was there any intention on the part of the British India Corporation that they wanted to apply for protection themselves without joining the others?

Mr. Watt.—I am afraid I cannot answer that. I do not know.

Mr. Rahimtoola.—You have said that you are a Joint Manager of the Cawnpore Wollen Mills. May I know what exactly your duties are? The reason why I am compelled to ask this question is that in one of your replies to the President you have said that you are not in touch with prices. I want to know what your duties are as Joint Manager?

Mr. Watt.—Actually I don't have a great deal to do with the particular section dealing with competitors prices. I have more to do with questions of manufacturing policy than with the consideration of import prices.

Mr. Rahimtoola.—You are in touch with importers' prices, are you not?

Mr. Watt.—I have more to do with questions of internal policy than with, shall I say, the section which handles competitive prices. I think I have said so in reply to the President in connection with the price of the imported article. That is a matter which I don't handle and therefore I cannot answer any question on that specific point.

Mr. Rahimtoola.—You have said in your covering letter that you are not able to disclose to the Board even confidentially any figures of cost, output, etc., because that would not be in the interests of your shareholders.

Mr. Watt.—That is the information which was given to us by our Board.

Mr. Rahimtoola.—Do I understand that your Board consulted their shareholders on this subject?

Mr. Watt.—That I do not know.

Mr. Rahimtoola.—You are not aware that the Board consulted their shareholders as to whether these figures should be submitted to the Board or not?

Mr. Watt.—I cannot say.

Mr. Rahimtoola.—As far as you are aware, you don't think it has been done?

Mr. Watt.—Not as far as I know.

Mr. Rahimtoola.—In your replies to Questions 7—12, you have said that in the woollen section you are not able to hold your own against Italy. Can you tell me what exactly are the types of goods against which you say you cannot hold your own?

Mr. Watt.—That is in reference to Italian rugs.

Mr. Rahimtoola.—Italian rugs only?

Mr. Watt.—Yes, that was the main item there.

Mr. Rahimtoola.—With regard to Japan you say that it is beginning to come into the picture. Is that also with regard to rugs?

Mr. Watt.—No, piecegoods.

Mr. Rahimtoola.—Shall I say woollen piecegoods?

Mr. Watt.—Yes.

Mr. Rahimtoola.—Such as tweeds?

Mr. Watt.—Piecegoods generally.

Mr. Rahimtoola.—You say in your replies that shoddy goods are coming from Japan.

Mr. Watt.—Yes, last year.

Mr. Rahimtoola.—Have you got them chemically examined to find out whether they were really shoddy goods?

President.—In the Customs Returns it is shown that small quantities are coming in.

Mr. Rahimtoola.—Which year are you referring to?

Mr. Watt.—1934.

Mr. Rahimtoola.—As regards your reply to question 13, you are not able to work to your full capacity in all the three sections?

Mr. Watt.—The hosiery section is working fairly well.

Mr. Rahimtoola.—You say that the output is limited.

Mr. Watt.—It is fairly busy.

Mr. Rahimtoola.—But it is not working to its full capacity?

Mr. Watt.—No.

Mr. Rahimtoola.—Even in hosiery trade you have felt the competition from Japan?

Mr. Watt.—Yes.

Mr. Rahimtoola.—You have said in one of your replies to the President that you are not able to tell the Board in what proportions the Indian and East Indian wools as against imported wool your two Mills are using. You say that it all depends upon the demand, but later on you say that you are responsible for increasing and improving the range and types of fabrics in accordance with the demand brought about by the increase of the educated classes.

Mr. Watt.—Yes.

Mr. Rahimtoola.—Can you not fairly judge as to what the future demand is when it is created by yourself for a particular class of goods? Naturally it means that you do so for your own interests.

Mr. Watt.—I am not quite certain that I have followed you.

Mr. Rahimtoola.—The Board would like to know what proportion of Indian wool as against imported wool your two Mills are using?

Mr. Watt.—I have not got the figures with me.

Mr. Rahimtoola.—I want the rough proportion. We don't want you to say how many lbs. you are using. We only want to know the rough proportion in which the two wools are used in your mills?

Mr. Watt.—As a very rough estimate I would suggest 25 per cent. Indian wool.

Mr. Batheja.—By Indian wool, do you mean wool including the frontier wool?

Mr. Watt.—No, only Indian wool.

Mr. Batheja.—That is pure Indian wool—obtainable within the borders of India?

Mr. Watt.—Yes.

Mr. Rahimtoola.—With reference to your reply to question 19, you say that both Mills can manufacture all the types of yarns specified in the grades of wool. Do you mean worsted yarns?

Mr. Watt.—All yarns.

Mr. Rahimtoola.—All the types of yarn? I thought you said in reply to the President that it was chiefly worsted?

Mr. Watt.—Both woollen and worsted.

Mr. Rahimtoola.—What kinds are specially sold in the market?

Mr. Watt.—Woollen yarns as far as we are concerned.

Mr. Rahimtoola.—You have said something about Japanese dumping? I suppose that is a general statement?

Mr. Watt.—Yes. By dumping I meant placing on the Indian market at a low figure.

Mr. Rahimtoola.—It may mean that they are selling at a low price?

Mr. Watt.—Yes.

Mr. Rahimtoola.—You say by working double shift you can so increase your output of yarn as to be able to offer 30 to 40 lakhs of pounds per annum.

Mr. Watt.—We mean both mills and both types—worsted and woollen.

Mr. Rahimtoola.—Is this the maximum capacity for double shift working or would you undertake to produce still more?

Mr. Watt.—That is the maximum capacity we would care to consider under present conditions.

Mr. Rahimtoola.—This does not mean that you have got this large surplus; this means your entire total production?

Mr. Watt.—It reads as if it were the surplus.

Mr. Rahimtoola.—This means you are able to give to the market apart from what you are able to use?

Mr. Watt.—Surplus to our own requirements.

Mr. Rahimtoola.—You say you do not operate under the managing agency system. Is there a managing director?

Mr. Watt.—Yes.

Mr. Rahimtoola.—He is a wholetime officer?

Mr. Watt.—Yes.

Mr. Rahimtoola.—He is paid monthly?

Mr. Watt.—I take it so.

Mr. Rahimtoola.—You believe he is a wholetime officer of the Corporation?

Mr. Watt.—Undoubtedly, but as to terms of remuneration or agreement with the Corporation, that I do not know.

Mr. Rahimtoola.—You say there was no strike in Dhariwal for seven years. Was there a strike at all in Dhariwal before seven years?

Mr. Watt.—I was not closely connected with Dhariwal seven years ago, but I know there was a strike before that.

Mr. Rahimtoola.—With regard to question 32 you have given 33½ to 50 per cent. less price for the Japanese article. What are the articles you have in mind?

Mr. Watt.—It is for the particular articles that we happened to be examining at that particular time; they were worsteds and yarns to the best of my recollection.

Mr. Rahimtoola.—With regard to question 38 you have made some remarks about the Imperial Council of Agricultural Research. Did you write to them and find that they were not making any attempt with regard to wool?

Mr. Watt.—I understand they did not make any attempt to get into touch with ourselves or Dhariwal.

Mr. Rahimtoola.—In answer to question 39 you say that you have actually inspected the processes of manufacture on the Continent. Did the British India Corporation send a representative to study?

Mr. Watt.—A gentleman was on leave and he actually did go into the question of manufacture.

Mr. Rahimtoola.—I suppose there is no difficulty in adopting the process in India?

Mr. Watt.—I don't think so.

Mr. Rahimtoola.—Are most of the processes that your representative had seen in vogue in your mills?

Mr. Watt.—No. We are not using them at the moment.

Mr. Rahimtoola.—In question 42 you say "We have no particular comment to make under this head except the general one that we consider the freight tariff is too high". Can you tell us which particular market you have in view?

Mr. Watt.—Actually this is a more or less general statement.

Mr. Rahimtoola.—Which are your principal markets?

Mr. Watt.—This is really a question of raw wool coming to us. In a particular instance we had in view we bought some wool at a certain station and the freight to bring it to Cawnpore was 30 per cent. of the cost.

Mr. Rahimtoola.—Our question applies also to finished goods.

Mr. Watt.—It was in reference to raw material that this remark was made.

Mr. Rahimtoola.—Have you any experience as regards finished goods?

Mr. Watt.—Nothing more particular than what we have said here.

President.—Have you made any representation to the railways?

Mr. Watt.—Nothing with regard to finished goods. As regards the wool the matter is now under discussion and so I did not give any definite details.

President.—I want to ask just one question before my colleague begins to ask questions. During the enquiry under the Safeguarding of Industries Act I am not quite sure whether the information you then gave was in respect of both the mills or only the Cawnpore mills. I find certain figures which had been given at that time; I do not know whether they were the combined figures of the two mills.

Mr. Watt.—Are they figures of output or figures of costs?

President.—They are both.

Mr. Watt.—There were certain figures of output handed by me to Dr. Meek but these were marked in such a way that I could not distinguish whether they were for Cawnpore or Dhariwal.

President.—The Egerton Woollen Mills sent in no reply to the questionnaire but merely sent in one letter saying that they entirely agreed with the representation put in by the other mill. Probably the figures which I

have in mind were the figures which were handed in by you and if they were in combined form then they were meant for both the mills.

Mr. Watt.—In regard to these figures which you read out about looms and spindles, the Millowners' Association have certain figures which they can give you except in regard to the question of looms divided up as woollens and worsteds.

President.—Combined looms?

Mr. Watt.—It would be a combined figure. But these will only apply to the present day. But I personally do not see how except in extreme cases it is possible to say of a loom that this is a worsted loom or this is a woollen one.

President.—By extreme cases you mean heavy looms which can be used for the manufacture of heavy woollens only?

Mr. Watt.—Yes; heavy looms for the manufacture of heavy materials.

President.—Certain looms are interchangeable?

Mr. Watt.—The bulk of them are interchangeable.

President.—The use they are put to depends on the demand and the capacity of your spindles in the various departments?

Mr. Watt.—That is so.

President.—Am I to understand that Mr. Maloney will let us have these figures?

Mr. Maloney.—Yes.

Mr. Watt.—One other thing: when you asked me if there was a Managing Director I said "yes". I was then referring to the woollen branches alone. There is a Managing Director for the woollen branch apart from the Managing Directors of the other branches.

Mr. Rahimtoola.—There will be a Managing Director of the Corporation?

Mr. Watt.—A Chairman of Directors. I was thinking over the other questions which you asked me. It seems to me if you have a material which contains 25 per cent. wool and looks to all intents and purposes, as you put it, like woollen material, it can be classified at present as pure woollen material.

Mr. Rahimtoola.—That is to say, you will accept 25 per cent. as a rough guide?

Mr. Watt.—Yes.

Mr. Batheja.—Mr. Watt, you represent the British India Corporation?

Mr. Watt.—Yes.

Mr. Batheja.—I understand that subject to the limits imposed by this letter you are prepared to co-operate with us to the best of your ability?

Mr. Watt.—That is so.

Mr. Batheja.—I wish to understand exactly these limits. The limits have been laid down in the following sentence: "It would not be desirable for us in the interests of the shareholders to divulge any figures of cost, output, etc." What does "etc." mean? I am asking this question because in case you are not able to answer some questions on account of the limits imposed upon you I don't want to trouble you and I don't want to waste the time of the Board. I want to understand the exact limit of your authority to speak on behalf of the British India Corporation.

Mr. Watt.—I would define it as being limited by the matters which are dealt with by them in their written representation in which case perhaps you might think "etc." as a fairly comprehensive word.

Mr. Batheja.—I take it you have the power to amplify or elucidate the statements made in the replies?

Mr. Watt.—I will do this so far as I can subject to these limitations, and "etc.", I am afraid, rather puts a burden on me of deciding whether or not a reply comes within the scope of my authority.

Mr. Batheja.—I shall bear that in mind. I take it the British India Corporation is an applicant for protection to the woollen industry?

Mr. Watt.—It is a strong supporter of the application made by other mills.

Mr. Batheja.—I do not wish you to refer to the application of other mills. Is the British India Corporation an applicant for protection to the woollen industry or not?

Mr. Watt.—It is an applicant for protection.

Mr. Batheja.—Do you keep separate accounts? I leave it to you to decide what questions to answer and what questions not to answer. I wish to assure you that I have no desire to embarrass you in any way, but you will recognise that if there is an embarrassing position, it is not of our own creation. On the other hand we also owe a duty to our employers and to the public. I have no desire to worry you more than I can help. Do you keep separate accounts for the woollen section of the British India Corporation?

Mr. Watt.—Yes.

Mr. Batheja.—Coming to question 1, in reply to a question from the President you said that the value of the two woollen mills now is Rs. 4 crores. May I refer you to the latest public document issued by the British India Corporation and there the total value of land and buildings, railway siding, plants and machinery have been put down at Rs. 40½ lakhs.

Mr. Watt.—Yes.

Mr. Batheja.—Can you reconcile these two statements?

Mr. Watt.—I do not know exactly how this figure of Rs. 4 crores was made up. So far as I would surmise it represents the amount which has been spent from time to time since the mills were originally founded and is, as I think I said before, a fair figure. The figure, which you have read out, I take it, is the depreciated block figure of the Corporation as it stands to-day.

Mr. Batheja.—Are you in a position to say whether we should accept this figure of Rs. 4 crores or this figure of Rs. 40 lakhs?

Mr. Watt.—This doesn't state that the present value of the property is Rs. 4 crores.

Mr. Batheja.—In the original prospectus issued by the British India Corporation in 1919 the value of the land and buildings, plant and machinery and tools of all the combined companies was put at something more than Rs. 1,23 lakhs. Do I understand very extensive additions have been made in the interval?

Mr. Watt.—Certainly there have been additions since 1919.

Mr. Batheja.—Are these additions so extensive?

Mr. Watt.—Not so extensive possibly as to make up that difference.

President.—There may be some misapprehension about this question. I take it that the Rs. 4 crores referred to is the amount which has been sunk in the industry since the year 1876.

Mr. Watt.—Yes.

President.—And the block value in the balance sheet must be depreciated accordingly?

Mr. Watt.—Right throughout the period.

President.—Then there is no real connection between the figure which you have in a modern balance sheet and this figure of Rs. 4 crores in the representation?

Mr. Batheja.—We didn't ask him that question to show how much they have spent in the entire history of the Company.

Mr. Watt.—We could have given practically no reply to the question put to us because we have no separate entity.

Mr. Batheja.—You just now said that you do keep separate accounts for the woollen mills, so that you could reply.

Mr. Watt.—Not in that sense.

Mr. Batheja.—You are the Joint Manager of the British India Corporation?

Mr. Watt.—Of the Cawnpore Woollen Mills, a Branch of the Corporation.

Mr. Batheja.—How long have you been in the service of the British India Corporation?

Mr. Watt.—21½ years with the Cawnpore Woollen Mills.

Mr. Batheja.—There are other applicants for protection in whose case the woollen branch is a part of a bigger whole. They were good enough to supply us with copies of their combined balance sheets for what they were worth. Is there any difficulty on the part of the British India Corporation in supplying copies of combined balance sheets?

Mr. Watt.—You have got them I think.

Mr. Batheja.—I have some. I want to have the combined balance sheets. Is there any difficulty in supplying combined balance sheets?

Mr. Watt.—I shall make a note that you wish to have the B. I. C. Balance Sheets.

Mr. Batheja.—You have not supplied them.

Mr. Watt.—I cannot absolutely bind them to supply, but I think there should be no difficulty in supplying the B. I. C. Balance Sheets which are issued.

Mr. Batheja.—In reply to part (d) of question 1, you say depreciation is written off annually in accordance with income-tax allowances.

Mr. Watt.—That is so.

Mr. Batheja.—No higher rate has ever been assumed for the purpose of valuing the block capital.

Mr. Watt.—I would not like to say definitely that no higher rate had ever been adopted, but certainly generally speaking this is the usual depreciation—in accordance with the Income-tax Manual allowances. For example a higher rate in respect of certain machinery may have been adopted.

Mr. Batheja.—In any case it has not been lower than the income-tax rate?

Mr. Watt.—There again I would not like to say definitely.

Mr. Batheja.—We asked for certain statistics in questions 2 to 6 and 7 to 12 some of which at least I understand are available in Government Blue Books and other public documents. For instance, is there any difficulty in giving the number of employees?

Mr. Watt.—We have given you the number of employees.

Mr. Batheja.—Do you supply the same figures of the number of employees to Government in preparing their Annual Report on large scale establishments in India?

Mr. Watt.—On page 2, under "Labour" we have given you complete figures.

Mr. Batheja.—But you have not given them separately for each mill and for the worsted and woollen sections. I am referring to such figures and also to the number of spindles and the number of looms.

Mr. Watt.—We have not given that information for very many years to anybody.

Mr. Batheja.—Some figure has been given in a number of Blue Books, e.g., the Statistical Abstract and the Report on Large Scale establishments and they are also given in this Investors' Year Book. The only object of our asking you this question is whether in view of recent additions, these

figures are really correct. We could have got some information ourselves and it is in this respect that we invited your assistance and co-operation. I wonder if you could check the figures supplied in this Investors' Year Book. Cawnpore Woollen Mills—679 looms and 20,808 spindles.

Mr. Watt.—It is very old.

Mr. Batheja.—New Egerton Woollen Mills—532 looms and 13,676 spindles. I want to understand why the Directors of the British India Corporation should have difficulty in supplying some information to the Tariff Board which is available to other public bodies.

Mr. Watt.—The information would be supplied to you by Mr. Maloney.

Mr. Batheja.—Would it be possible for you to supply the spindles separately in the worsted and woollen sections?

Mr. Watt.—That I understand Mr. Maloney would do.

Mr. Maloney.—I take it that your Directors will not object to my supplying the information.

Mr. Watt.—No. I do not think so.

Mr. Batheja.—Is it also possible for you to give us separate figures of employees in the Cawnpore Mill and the Dhariwal Mill and further on the worsted section and on the woollen section of each mill separately?

Mr. Watt.—I would refer you to the covering letter.

Mr. Batheja.—I shall accept that. I ask you this question, because some figures are definitely given here and the object of the oral examination is to expand or elucidate the information given. If you cannot explain, you can say so.

Mr. Watt.—May I make a note of that?

President.—We regard it as a matter of some importance, because we want to find out the comparative importance of the woollen side as contrasted with the worsted side of the industry. We are prepared to treat the information as confidential if you so desire.

Mr. Watt.—Yes.

Mr. Batheja.—I am much obliged to you, because it saves me from putting a number of questions. In reply to questions 7 to 12, you refer to Japan entering the blanket trade.

Mr. Watt.—They are entering the woollen section of the trade.

Mr. Batheja.—Did you have particularly in mind the recent imports of Japanese blankets or Japanese imports generally?

Mr. Watt.—Japanese broadcloth; blazer cloth; that kind of cloth I had particularly in mind.

Mr. Batheja.—You did not have in mind Japanese blankets?

Mr. Watt.—No.

Mr. Batheja.—Do they contain a proportion of shoddy?

Mr. Watt.—The piecegoods that I mentioned I think certainly did contain shoddy. They seem to be pure wool and contain an abnormal amount of short fibre.

Mr. Batheja.—Do you anticipate increasing competition from Japanese blankets?

Mr. Watt.—I have not seen many samples. I see no reason why they should not handle these in bulk.

Mr. Batheja.—You have not examined any of these Japanese blankets?

Mr. Watt.—Not recently.

Mr. Batheja.—In reply to question 13 about hosiery, you refer to Japanese competition in this line. Do you experience any competition from the Ludhiana industry?

Mr. Watt.—Yes the Ludhiana industry is well developed and handles a large number of lines. We do meet the products of Ludhiana and the Punjab generally all over the country.

Mr. Batheja.—Is the internal competition in this class of woollen goods fairly severe?

Mr. Watt.—Moderately severe.

Mr. Batheja.—Do you experience competition from other mills in these lines also?

Mr. Watt.—Yes, but this competition, of course, is of an entirely different type. It is cut-throat external competition that we complain of.

Mr. Batheja.—You cannot define the difference between the two competitions.

Mr. Watt.—One you might call fair and the other unfair competition.

President.—Which is which?

Mr. Batheja.—The Indian competition is fair?

Mr. Watt.—Yes.

Mr. Batheja.—Is it not a fact that the Ludhiana industry is assisted by the import of Japanese yarn?

Mr. Watt.—It is undoubtedly.

Mr. Batheja.—To the extent that the Japanese yarn is an element in the composition of the Ludhiana article you may even class that competition as also unfair.

Mr. Watt.—Not to the same extent.

Mr. Batheja.—Has the competition from Ludhiana increased in severity in the last two years?

Mr. Watt.—We have been experiencing their competition for some considerable time.

Mr. Batheja.—Since when?

Mr. Watt.—I should think for the last eight years—I am talking from memory. It is much more than 4 or 5 years. Six or seven years would probably be correct.

Mr. Batheja.—Has the competition become severer? Has the competition increased in severity during the last two or three years?

Mr. Watt.—It has become noticeable.

Mr. Batheja.—More noticeable in the last one or two years?

Mr. Watt.—In the last two or three years. As I say, it is not this type of competition we are complaining about.

Mr. Batheja.—In reply to a question from the President you said that the Japanese hosiery articles are generally mixtures?

Mr. Watt.—No, I do not think so.

Mr. Batheja.—Do they contain both cotton and wool?

Mr. Watt.—There are both types in the market, that is to say both pure wool and mixtures.

Mr. Batheja.—From which type do you meet with severe competition?

Mr. Watt.—Competition affects different grades. They are different grades themselves and they affect us in our different grades. The pure wool article is a finer grade and will affect our pure wool articles rather than mixtures.

Mr. Batheja.—You cannot say off-hand in which types competition is greater—mixed or pure articles? Which hits you harder?

Mr. Watt.—I don't think there is much in it really.

President.—You don't make any mixed hosiery goods yourselves?

Mr. Watt.—No.

Mr. Batheja.—You have said in reply to question 15 that wool for the finer types of broadcloths, hosiery and suitings must, as in the case of the majority,

of foreign countries also, be imported. We have got information that England imports a good deal of wool and that Japan also imports a good deal of wool and you are saying that in a similar way India will have to import wool. What will be the proportion of this imported wool?

Mr. Watt.—I find it very difficult to fix a proportion.

Mr. Batheja.—I thought you were able to fix it, when you said in reply to Mr. Rahimtoola that the proportion of your Indian wool was 25 per cent.

Mr. Watt.—I said 25 per cent. for the Indian wool but made it of course quite clear that it is only an approximate figure. My difficulty is this. I should not think any manufacturer is going to import anything for which he does not anticipate having a demand and such import is going to vary from time to time according to what the demand is and naturally we will use Indian wool when possible. If I were to say that the import of our branches from Australia is a certain figure it might be entirely wrong.

Mr. Batheja.—Do you manufacture to order? Are you manufacturing in anticipation of orders?

Mr. Watt.—Both courses are adopted.

Mr. Batheja.—I shall leave it at that. Regarding your reply to question 17 what sort of mixtures did you manufacture and put on the market?

Mr. Watt.—Broadcloths and rugs—that was some years ago.

Mr. Batheja.—You have not tried to put mixtures on the market recently?

Mr. Watt.—Not to any extent.

Mr. Batheja.—Certain witnesses who appeared before us expressed the opinion that there were technical difficulties in manufacturing mixtures along with pure wool articles. Have you any technical difficulty in manufacturing mixtures? If there was a market for mixtures in India, would you be able to supply the demand?

Mr. Watt.—Perhaps not the whole demand. We certainly could meet a portion of the demand.

Mr. Batheja.—Do you anticipate any technical difficulty?

Mr. Watt.—We say that we can manufacture.

Mr. Batheja.—I would like to have your opinion as an expert on this matter. It has been explained to us that if a pure woollen article and a mixture are made at the same time in one mill, strands of cotton get mixed up with wool and the goods produced for the Army requirements do not come up to the Army standard. Is that a serious difficulty?

Mr. Watt.—It would be, but it is not a difficulty which you cannot get over.

Mr. Batheja.—It can be got over by having separate sections?

Mr. Watt.—That is one way.

Mr. Batheja.—Is there any other way of getting over the difficulty?

Mr. Watt.—Manufacturing the types at different times or something like that.

Mr. Batheja.—The difficulty is not insuperable?

Mr. Watt.—I don't think so.

Mr. Batheja.—When you made goods of shoddy, did you import shoddy from abroad?

Mr. Watt.—There may be a slight difference of opinion as to what is meant by shoddy.

Mr. Batheja.—By shoddy I meant reclaimed wool.

Mr. Watt.—We have never imported that.

Mr. Batheja.—In what sense do you understand shoddy?

Mr. Watt.—We also use it in that way. We have certain rugs which we treat as they are treated at home and get the shoddy.

Mr. Batheja.—You are equipped for making your own shoddy?

Mr. Watt.—Yes.

Mr. Batheja.—By shoddy you don't mean as some witnesses meant the new wool which is lying about the mill and is called waste.

Mr. Watt.—In this particular instance, the word is used in the sense in which you used it—wool reclaimed from woven materials, whether old or new.

Mr. Batheja.—Your difficulty was that you were not able to compete with Italian products.

Mr. Watt.—Quite so.

Mr. Batheja.—Did you carry on your experiments for a sufficiently long time?

Mr. Watt.—Yes.

Mr. Batheja.—In reply to question 19, you say that your Mills also supply yarn to other manufacturers. What manufacturers have you in view?

Mr. Watt.—Carpet manufacturers and hand weavers chiefly.

Mr. Batheja.—Not the small scale manufacturers who have sprung up in the Punjab?

Mr. Watt.—The Punjab being in proximity to Dhariwal is naturally served by them and is an area with the requirements of which I am not personally very well acquainted. I believe Dhariwal have supplied worsted yarns in the Punjab for both weaving and knitting but it is not a matter of which I have got definite personal knowledge.

Mr. Batheja.—Do you supply both weaving and hosiery yarn?

Mr. Watt.—We can do.

Mr. Batheja.—You say you have supplied. I am asking you on that point.

Mr. Watt.—So far as Cawnpore is concerned, the bulk of the business has been with carpet manufacturers—that is woollen yarn.

Mr. Batheja.—You do not know whether Dhariwal is supplying hosiery yarn?

Mr. Watt.—I understand they have often supplied it in quantity but it is not a matter of which I have any close personal knowledge.

Mr. Batheja.—Why I am asking this question is that certain people have complained that they could not get this yarn from the Cawnpore and Dhariwal Woollen Mills.

Mr. Watt.—I understand Dhariwal Mills have done it although as I say I have no personal knowledge of details. We have not been able to do it because it is a question of price.

President.—Did you find any demand for blanket yarns?

Mr. Watt.—Very largely Jails require blanket yarn for handlooms. We have supplied that.

Mr. Batheja.—Some witnesses have told us that in the new small scale factories which have sprung up in the United Provinces, the people who have come out of the Technical Institute do not want their families to spin and that they would like to have mill made yarn for manufacturing blankets. They have found some difficulty in getting the supply of blanket yarn from mills. Can you confirm this statement or modify it?

Mr. Watt.—I do not recognise the reference. The Director of Industries, I think, functioned at one time in that regard, but I have no clear recollection.

Mr. Batheja.—Were you able to satisfy that demand?

Mr. Watt.—It was several years ago. I cannot recollect the occasion of which I am speaking. I have not seen anything recently.

Mr. Batheja.—The impression which the gentleman who supplied us with this information left in our mind was that there was some potential demand which was waiting to be satisfied by the mills.

Mr. Maloney.—I think it is quite possible there may be difficulty in the case of the small user getting his requirements from the mill just as there would be in the case of the cotton industry. We had this type of complaint in the cotton industry also. It is too small a business. The individual lots

are small for a mill to tackle, but that does not mean that they could not get the Indian product from the Mills.

Mr. Watt.—My recollection of the position was that the Director of Industries was to function as a sort of indent collecting officer.

Mr. Batheja.—These small factories possibly placed their orders through the Director of Industries.

Mr. Watt.—I don't remember what happened to the scheme.

Mr. Batheja.—Suppose there is a demand for this yarn you will be able to satisfy that demand at a reasonable price?

Mr. Watt.—Certainly.

Mr. Batheja.—In reply to question 38 you have suggested double depreciation if a mill is being worked double shift. Is it necessary to have double depreciation for buildings?

Mr. Watt.—According to most recent theories of fatigue in inanimate objects we should have double depreciation on buildings, as well as on machinery.

Mr. Batheja.—For this purpose you would put buildings in the same category as machinery?

Mr. Watt.—I would.

Mr. Batheja.—What makes you to put them on the same footing?

Mr. Watt.—You are putting a strain on them for twice the time; they would then be subjected to strain over 18 hours instead of 9. We were really thinking of our hosiery machinery, because most modern hosiery plant is rather an expensive item but owing to the liability of popular taste to change may only last us for a very short time and we should have the power to arrange for a thoroughly adequate depreciation of such "ephemeral" plant.

Mr. Batheja.—These electric plants wear out more quickly than the ordinary plant?

Mr. Watt.—I should think so.

Mr. Batheja.—Coming to question 26 I am afraid I must ask this question and I leave it to you to answer it or not. Judging from your reply to 26 it appears that there has been fall in prices, your realised prices are lower, while manufacturing expenses, wages, stores, power and overheads have not materially declined. From that the conclusion is inevitable that the woollen section of the British India Corporation is not exactly in a flourishing condition. Am I right?

Mr. Watt.—I am not prepared to answer that question.

Mr. Batheja.—I will put to you another question which you may or may not like to answer. You are aware, in the last report of the British India Corporation a profit has been shown. Considering that the woollen section of the British India Corporation is a very important section does not that fact show some inconsistency with the reply given to question 26? Your balance sheet shows profit; your answer to question 26 imply that your woollen section is not doing very well; I also take it in conjunction with the fact that the woollen section of the British India Corporation is a very important section.

Mr. Watt.—The balance sheet of the British India Corporation represents the results of the year's trading of all the branches, and no inference can be drawn with regard to the activities of a section of it from that balance sheet.

Mr. Batheja.—That is true but the previous balance sheet stated that the cotton section had not been flourishing very well and that there was depression in the cotton industry.

Mr. Watt.—And this year?

Mr. Batheja.—It may be making some profits, I grant that.

Mr. Maloney.—I think in fairness I ought to say that we have known for a long time that the results of the British India Corporation had been adversely affected by the depression in the cotton section. I think the previous year's

reports do make mention of the failure of the cotton section of the Corporation.

Mr. Batheja.—I know that. I find in 1924 a dividend on ordinary shares of 5½ per cent., in 1925 it was 5 per cent., in 1926, 5 per cent. and in 1927 also 5 per cent; after that there has been no dividend until we come to this balance sheet, and the previous reports also show that the Empire Engineering Company and the leather company were not particularly doing well. Shall I take it that the profit is due to extensive reduction in capital? In reply to question 27 you say that you tried to buy your wool as far as possible with the assistance of your own staff. I think that is a very commendable policy. Do you do some sort of grading and sorting at the market centres?

Mr. Watt.—Not very much at the market centres; this grading is done when we get it at the mill.

Mr. Batheja.—What exactly is the function of your men? Do they select the wool which is bought?

Mr. Watt.—They select the wool, they go over it, they decide whether they will take such and such a lot or such and such another lot at a lower or higher figure as the case may be.

Mr. Batheja.—You buy from the *beparis* who collect this wool from the actual wool grower?

Mr. Watt.—That is so.

Mr. Batheja.—Do you offer differential prices for differential qualities of wool?

Mr. Watt.—You have to purchase in accordance with the prevailing market rate.

Mr. Batheja.—What I want to get at is, whether you get it by stating your requirements and giving an inducement to the *bepari*. Do you give him an incentive to separate his good wool from bad wool?

Mr. Watt.—Except round about the Mills we do not come into contact with the actual *bepari* to such an extent.

Mr. Batheja.—That is to say your technical knowledge is not available for the improvement of sheep breeding. You are in a position of course by offering an inducement of a higher price to give incentive to the production of better wool. What do you mean by your own men?

Mr. Watt.—Our actual employees. When they are not actually buying wool they are employed by us in some other capacity.

Mr. Batheja.—They are experts?

Mr. Watt.—They know what we want.

Mr. Batheja.—Do you import wool from Australia direct or through some commission agent?

Mr. Watt.—We have our agent in Australia who buys for us.

Mr. Batheja.—We now come to question 28. You have got agents for selling your goods all over India?

Mr. Watt.—Yes.

Mr. Batheja.—Some witnesses who appeared before us thought that your agents were not sufficiently live men and they were not able to push on sales of Indian mill goods as against the sales of Japanese or Italian goods. Have you anything to say to that charge, if I may call it a charge? They seem to criticise your marketing methods for Indian wool and they seem to think that while a good market is available it is lost because the marketing arrangement of the Indian mills is not good.

Mr. Watt.—If we had any suspicion that our agent for any particular area was not a live wire in any way, he would be replaced at a fairly early date. We have experienced no difficulty in obtaining good Agents.

Mr. Batheja.—The complaint was that they were not sufficiently informed about the possibilities of the trade; that they were not in sufficient contact with the dealers or merchants and they had no expert knowledge.

Mr. Watt.—I think the charges are baseless.

Mr. Maloney.—The same type of men must be selling Japanese and Italian goods as well as Indian.

President.—The burden of criticism which my colleague was referring to was rather to the type of advertisement which is very widely used by certain Indian traders. It was said that the Indian public is not influenced by big posters and advertisements of that kind and it would pay Indian mills much better not to spend so much money on advertisements but to get the help of men who are in touch with the people and who move with the people.

Mr. Watt.—There is a good deal to be said for the point of view that press advertisement does not reach a large proportion of the buyers.

Mr. Batheja.—You say you have educated the taste of the market: it is quite possible while you are appealing to the upper classes, people who can read and write English, you are neglecting the masses. Is that a fair criticism? It was said that the bulk of the people who actually buy do not know how to read and write.

Mr. Watt.—Still our advertisements are through the vernacular press.

Mr. Batheja.—The vernacular press has got a very small circulation amongst the masses.

Mr. Watt.—It is extremely difficult to get to the illiterate buyers but by far the major portion of our advertisements is to the best of my recollection through the vernacular press than in the English press.

Mr. Batheja.—You say you have no difficulty in recruiting labour. It has been urged before us that there is some difficulty in recruiting labour required or manufacturing finest kind of worsted. Is that your experience?

Mr. Watt.—We have not experienced it.

Mr. Batheja.—Can you manufacture any class of finest woollen and worsted articles for the Army?

Mr. Watt.—Yes.

Mr. Batheja.—It has been stated that the Indian industry is not able to manufacture certain kinds of Army flannel and therefore these have to be imported from abroad.

Mr. Watt.—Pure wool flannel?

Mr. Batheja.—Yes.

Mr. Watt.—We are actually manufacturing this for the Army at the present moment.

Mr. Batheja.—In reply to question 29 (4) you refer to the efficiency of Indian labour as being $7\frac{1}{2}$ to 15 per cent. against the highly industrialised Western countries. Did you have any particular Western country in mind?

Mr. Watt.—I don't know that we had any. There are variations I admit between western countries.

Mr. Batheja.—The statement amounts to this that given the same machine, if a Yorkshire man, say, was working as compared with the Indian workman, he will get $7\frac{1}{2}$ to 15 per cent. greater output.

Mr. Watt.—Everything considered that is right.

Mr. Addyman.—Of any given material?

Mr. Watt.—Yes. But of course on the one loom basis.

Mr. Maloney.—I would say that the efficiency of the Indian worker in regard to the cotton industry is 15 per cent. less than that of the Lancashire worker, because the Lancashire worker looks after more machines. I wonder whether this has been taken into consideration when the efficiency is spoken of.

Mr. Batheja.—You are comparing in this reply the efficiency of the Indian worker with the efficiency of the western worker given the same appliances, isn't that so?

Mr. Watt.—As regards Mr. Maloney's remark the use of multiple machines in the Yorkshire industry is not developed to anything like the same extent as in Lancashire, isn't that so?

Mr. Addyman.—You are correct to a large extent. You may take worsted weaving for instance where you find a weaver attends to no more than two looms. We haven't got to that position in India, I am afraid.

Mr. Batheja.—In reply to question 31 you refer to some old disputes. Can you tell us what the object of the dispute was?

Mr. Watt.—It was all part of the pretty big dispute which affected the whole of Cawnpore.

Mr. Batheja.—About wages?

Mr. Watt.—Yes, and other matters also.

Mr. Batheja.—And Dhariwal?

Mr. Watt.—That was 7 years ago. I do not think it was a wage dispute, but I am not sure.

Mr. Batheja.—Was the workers' demand conceded or the workers surrendered or some *vid media* was found?

Mr. Watt.—So far as the Cawnpore case was concerned, I think certain concessions were made by both sides. I think in the Dhariwal case workers came back.

Mr. Batheja.—In answer to a question from the President, you have very kindly agreed to supply the samples of your products?

Mr. Watt.—I have made a note of it.

Mr. Batheja.—Can you estimate the competition of your product and the product of the competing countries? Would it be convenient for you to supply the samples of competing countries which compete with yours. The other mills have supplied samples and since your representation was entirely different, we would like to have an idea of your competition. I shall be much obliged if you can send some samples of imported goods which are, as far as possible, comparable with your samples with a statement of c.i.f. prices.

Mr. Watt.—Yes, I shall try, but I can't bind the British India Corporation.

Mr. Batheja.—I asked you a question about the competition of Ludhiana. Is there a keen competition between mills in India in other products besides hosiery?

Mr. Watt.—Very severe internal competition is mentioned in the covering letter.

Mr. Batheja.—I presume the competition is more in securing army orders.

Mr. Watt.—The competition is met everywhere.

Mr. Batheja.—Let us turn to questions 36 and 37 where you practically say that the effect of increase of duties has been *nil* or has not been of the slightest use. Do I take it that so far as you are concerned, you would have no objection if this were removed, or reductions made? If they would not benefit you, why penalise the consumer? From your answers I gather that they have not been of the slightest use.

Mr. Watt.—When we wrote these two replies to questions 36 and 37, we had our intention entirely directed to the Japanese imports in the 9 months of the present financial year.

Mr. Batheja.—So it would really mean that the effect of the duty on Japanese competition was *nil*.

Mr. Watt.—The effect of Japanese competition is *nil*. In both cases it was entirely without any effect in stemming the Japanese rush of imports.

Mr. Batheja.—Would you like the existing revenue duties against non-Japanese goods to be maintained?

Mr. Watt.—Yes, if we could be sure that the present duty was entirely a revenue duty pure and simple, but it is a revenue duty *plus* a surcharge unfortunately.

President.—What do you mean by 'unfortunately'?

Mr. Watt.—The surcharge is liable to be taken off.

President.—Do you regard that as a misfortune?

Mr. Watt.—Yes.

Mr. Batheja.—Would you be able to hold your own against non-Japanese goods if the existing scales of revenue duties including the surcharge were reduced?

Mr. Watt.—No.

President.—It would depend upon the amount of reduction.

Mr. Watt.—I don't think we could do it if that were reduced at all in any way.

Mr. Batheja.—You generally said that you are able to hold your own against other countries?

Mr. Watt.—About able to hold our own.

Mr. Rahimtoola.—When you said that you had in mind the revenue duty *plus* the surcharge?

Mr. Watt.—Yes.

Mr. Batheja.—Would your position be endangered if the surcharge were removed?

Mr. Watt.—Yes.

Mr. Batheja.—In that case you would like to apply for protection against non-Japanese goods also, because there is always a possibility of the surcharge being removed.

Mr. Watt.—Most certainly.

Mr. Batheja.—Would you maintain the existing preference or widen the preference?

Mr. Watt.—We have no objection to the existing preference being maintained.

Mr. Batheja.—There is no competition between your goods and British goods?

Mr. Watt.—Yes, there is definitely. In the case of Government tenders especially there is severe competition.

Mr. Batheja.—Other mills which have appeared to give evidence before us in reply to supplementary questions said that they would like to have protection against Italy and Japan and in addition they would like the existing revenue duties to be converted into protective duties so as to safeguard them against other countries also. Is that your position too, or is your position somewhat different?

Mr. Watt.—The present revenue duty?

Mr. Batheja.—Including the surcharge.

Mr. Watt.—That seems to me the minimum possible.

Mr. Batheja.—As regards revenue duties you are aware we have no control. The Government of India may alter them, may increase them or may reduce them in accordance with the revenue requirements of the country.

Mr. Watt.—Yes.

Mr. Batheja.—You support the other mills' contention that these revenue duties should be converted into protective duties so that may be beyond the scope of alteration if protection is granted.

Mr. Watt.—If they cannot be enhanced, as I say, that must be surely the minimum that could be envisaged. If the protective duty cannot be greater than the present revenue duty *plus* the surcharge, then surely it is the minimum that can be.

Mr. Batheja.—In your reply to question 38, you say "it appears to us that the Imperial Council of Agricultural Research has no real idea of the types of staple which manufacturers require". What staples do you require

generally? What would you ask the Imperial Council of Agricultural Research to do?

Mr. Watt.—It is rather a big subject for me to reply straightaway.

Mr. Batheja.—What kinds of wool would you ask the Imperial Council of Agricultural Research to take in hand for the purpose of improvement, supposing you are giving advice to them?

Mr. Watt.—Personally I have no very strong views on this matter. On the other hand Mr. G. V. Lewis our Managing Director has.

Mr. Batheja.—You are not able to answer that?

Mr. Watt.—No. I would in the circumstances prefer not to deal with that aspect of the question.

Mr. Batheja.—In reply to question 41, you have said that you have been instrumental in developing this new demand amongst the educated classes?

Mr. Watt.—We hope we have.

Mr. Batheja.—You have said in reply to a previous question that there is no great competition between your classes of goods and those goods which are manufactured by handloom weavers. Do I take it that you are specialising in the upper class demand?

Mr. Watt.—I don't think the two statements are antagonistic. We do not come greatly into competition with the handloom products.

Mr. Batheja.—You don't manufacture such cheap goods, say blankets, as are produced in Bangalore?

Mr. Watt.—We don't touch the very cheap type.

Mr. Batheja.—You generally use superior wool and as far as I can gather from the market your blanket does not sell for less than Rs. 5 while I know blankets made by other mills selling for very much less. Do I take it that you are specialising in the higher class demand?

Mr. Watt.—Probably our trade is, I won't say, confined to it, but we do touch a fair portion of the more expensive demand.

Mr. Batheja.—The demand of the masses too?

Mr. Watt.—Yes.

Mr. Batheja.—Do you touch the demand also supplied by the handloom weaver?

Mr. Watt.—I don't think so.

Mr. Batheja.—You don't go so far down as that?

Mr. Watt.—No. We have nothing to compare with the Kumbli for instance.

Mr. Batheja.—You don't manufacture low class goods which compete with the handloom products.

Mr. Watt.—You mean such as Kashmir puttoo?

Mr. Batheja.—Something near that.

Mr. Watt.—There is nothing exactly to match that type.

Mr. Batheja.—Coming within the same price of cloth?

Mr. Watt.—I think we do get down to the same price range.

Mr. Batheja.—To that extent there might be competition.

Mr. Watt.—There might be on the fringe, but as a general rule we don't compete.

Mr. Batheja.—You make some yarn for the carpet industry?

Mr. Watt.—Yes.

Mr. Batheja.—That is similar to the kind of yarn produced by the hand spinner?

Mr. Watt.—Yes.

Mr. Batheja.—I take it that in that field you must be competing with the hand spinner. How does your product compare with that of the hand spinner?

Mr. Watt.—That is really a question for the carpet manufacturer. I know some carpet manufacturers are decidedly averse to using mill-spun yarn.

Mr. Batheja.—I am talking of the comparison as regards quality. I suppose the finish of your carpet yarn must be very much superior to the finish of the hand-spun yarn.

Mr. Watt.—I don't think that enters very greatly into it.

Mr. Batheja.—It is only the prices which matter?

Mr. Watt.—The only difference, talking off-hand and not as a carpet manufacturer, would be a question of "levelness".

Mr. Addyman.—Between machine-spun and hand-spun yarn?

Mr. Watt.—Yes.

Mr. Batheja.—In reply to question 45, you approve in general terms of the demand made by the Member Mills of the Millowners Association. I take it that you support the demand for the protection of yarn?

Mr. Watt.—Yes. We have also indicated that the duties on yarn should be enhanced.

Mr. Batheja.—I want to bring before you one special aspect of this question. If you protect yarn, you place a handicap on the hosiery industry of the Punjab or Ludhiana because I take it their yarn will become dearer.

Mr. Watt.—Possibly.

Mr. Batheja.—On the other hand the Mills themselves are equipped to produce hosiery goods also. When the hosiery industry's cost of raw material goes up in this way, even though compensation may be given in the shape of enhanced duties on hosiery goods, the internal competition between the mill-made hosiery and the Ludhiana hosiery goods may be so great that the latter may be wiped out. Have you thought of this difficulty?

Mr. Watt.—Their compensation will be in the shape of enhanced duties on hosiery goods.

Mr. Batheja.—I take it you generally support the scale of protection demanded by the Bombay Millowners Association?

Mr. Watt.—That is so. Only in two respects we differ from them. We say that the duties on yarns whether for knitting or weaving and on rugs and blankets should be enhanced to at least 25 per cent. and 35 per cent. for goods of British and foreign origin while unions might be treated as cotton goods and so subject to the duties already laid down for these fabrics.

Mr. Batheja.—Of the two forms of protection which may be available, *viz.*, the form of protection by quota and the form of protection by enhanced duties, which would you prefer?

Mr. Watt.—Certainly so far as Japan is concerned I think the two ought to apply, but I am given to understand that under the Most Favoured Nation clause it is impossible of attainment.

President.—Except in the form of quotas on all nations as suggested by the Millowners Association.

Mr. Batheja.—There is nothing to prevent the Government of India from imposing a quota, but they have to bear in mind that there may be retaliation. Other countries may impose quota against India and that is a very serious consideration. Which form of protection would your mills favour—the enhanced duties or the quota?

Mr. Watt.—They have definitely laid down what they want—higher scale of duties and quota.

Mr. Batheja.—You don't want to depart from that?

Mr. Watt.—My position is such that I cannot depart from that. If you want my personal opinion I can give you.

Mr. Batheja.—Sometimes we have found witnesses modifying their views in the light of new facts placed before them at the time of the oral examination. I take it that you are not in a position to modify any of the statements?

Mr. Watt.—If it should not be possible to have both enhanced duties and a quota but is necessary to choose between the two methods of protection, then and only then we would favour the application of a quota by itself.

Mr. Batheja.—With the possible chance of retaliation by so many countries? Retaliation may not be at the expense of wool. It may be at the expense of cotton or some other unfortunate commodity.

I shall finish by asking you one more question. In the last paragraph but one, you say you hope to provide more work for Indian labour and increase the consumption of Indian wool. I should like to be satisfied as to how you will be able to increase the consumption of Indian wool if protection is granted. You have said only a limited quantity is available.

Mr. Watt.—Yes, of the finer stuff.

Mr. Batheja.—Your chief competition comes from Japan and Japan is sending only fine stuff. It is sending merino stuff. How do you propose to increase the consumption of Indian wool by capturing the market from Japan?

Mr. Watt.—Although we emphasised the Japanese inroad as being the greatest, it does not necessarily mean that it is the only one.

Mr. Batheja.—Of course there is competition from Italy.

Mr. Watt.—Yes.

Mr. Batheja.—That is in the lower grade goods and I understand you don't touch lower grade goods. At least you don't specialise in them. You leave that trade to the South Indian manufacturers.

Mr. Watt.—You specified a certain type of article namely, a particular type of rug. I would not like the Board to go away with the idea that we only make the finer materials.

Mr. Batheja.—How do you propose to increase the consumption of Indian wool in case a bigger market is assured to you? I take it you want to capture the market from Italy and Japan.

Mr. Watt.—The whole of our medium quality ranges that are manufactured in this country have a large bearing on the demand for Indian and East Indian wool and that type of imported cloth would certainly be reduced on the industry being protected generally.

Mr. Batheja.—What type of imports you want to be affected so as to increase the consumption of Indian wool?

Mr. Watt.—General piecegoods of the medium qualities, that is to say qualities ranging from 40s to 50s, serges, tweeds and that type of thing.

Mr. Batheja.—For those qualities more of Indian wool can be consumed?

Mr. Watt.—Yes.

Mr. Addyman.—Do you think it would be possible to replace Italian rugs by rugs made from Indian wool?

Mr. Watt.—Generally yes, if you were to allow the use of East Indian wool.

Mr. Addyman.—I include East Indian.

Mr. Watt.—If you confine it to pure Indian it would be very difficult but with East Indian wool it would be much easier.

**JOINT REPRESENTATION OF THE WOOLLEN MILL
MEMBERS OF THE BOMBAY MILLOWNERS'
ASSOCIATION, BOMBAY.**

**Evidence of Mr. T. MALONEY, Secretary, Millowners' Association,
Mr. W. D. SCOTT, Mr. J. H. TAYLOR, Mr. P. L.
McCONNELL, Mr. A. STAYNES, Mr. M. MEHTA
and Mr. GORDHANDAS BHAGWANDAS, Mem-
bers of the Millowners' Association, recorded
at Bombay on Friday, the 8th March, 1935.**

President.—I should like to make it clear, before I start, that the object of the examination this morning is purely a searching after truth and that you must not assume from the form which any of my own questions or those of my colleagues may take that we have made up our mind on any single point. If I assume the attitude of the Advocate for the opposition, you will know that I have not been engaged on behalf of the opposition. I shall start from the beginning of your representation and go as far as I can into your representation so as to allow my colleagues to cover the same ground and then in the afternoon we will follow the same procedure in respect of the rest. The figures showing the number of mills and their capital have been taken from the answer given by the Hon'ble the Commerce Member and I have not been able to verify them though on the information at our disposal they don't seem to be quite accurate.

Mr. Maloney.—I agree that they are inaccurate. We have not made any searching examination because they are only intended to be illustrative. As regards the first part, there is no doubt that these figures are inaccurate. The Woollen Mill industry had developed considerably before 1929. The figures of capital are also unreliable. There was no census of woollen mills taken and the answer given by the Hon'ble the Commerce Member was obviously based on the information that was then readily available.

President.—Are you prepared to put up what you consider to be more reasonably accurate figures? Now that the point has been raised, I should like to correct them if possible.

Mr. Maloney.—I am not in a position to make the census that I should like to, but I can point out, for instance, that there was not a sudden increase between 1920 and 1929. It might have been between 1920 and 1929, but it must have been nearer 1920 than 1929.

President.—What is more immediately necessary for our purpose is the figures of to-day. I don't lay very much stress on the authorised capital because it is obviously wrong.

Mr. Maloney.—Yes.

President.—But for the purpose of pure statistics I would like to have some figures showing the growth of the industry. There is probably some discrepancy as to what may be called a mill to start with.

Mr. Maloney.—That is so. I am afraid I cannot help the Board very much. As a matter of fact we have only been directly interested in the Woollen industry in the last two or three years and we could not, as far as I can see, find out very readily what the total capacity is of the industry even to-day.

President.—I hope we may be in a better position than you are by the time we have completed our enquiry.

Mr. Maloney.—Yes.

President.—Provided everybody gives the information we have asked for regarding which I am not quite certain at the present moment. Let us pass on. I take it that you don't wish to lay any particular stress on paragraph 1.

Mr. Maloney.—No.

President.—In paragraphs 2 and 3, the assumption is made that up to the year 1929 or thereabouts the industry was in a fairly prosperous condition and that it was the great influx of foreign goods from then onwards which brought about the present state of depression. I am not satisfied that that correctly represents the historical facts. I am going to put to you what seems to me more nearly to represent the actual course of events. Until the war and at the close of the war, I understand there were four big mills in operation—1 at Cawnpore, 1 at Dhariwal, 1 at Bombay and 1 in Bangalore.

Mr. Maloney.—I think that would be incorrect.

President.—What would you add?

Mr. Maloney.—I would say there were two mills in Bangalore. I can only speak approximately. I believe the Kaisar-i-Hind Woollen Mills started about 1922.

President.—I am talking of the period up to the end of the war.

Mr. Maloney.—Then you are correct.

President.—There is no doubt about the relative prosperity up to the war and what happened during the war of course was so exceptional that we really could not regard it as in any way normal. All the plants were working night and day and it was very valuable work for the Government of India and the British Army. Imports practically ceased and both the Army and the public relied almost entirely on what the Indian Mills were able to produce. I gather that this state of things coupled with what I might call company promoting mania which started in several parts of India immediately after the war was responsible for the starting of several very large mills so that within five years the capacity of the Woollen Mill Industry—I have not got the exact figures—was almost doubled and the capital which was put into the industry was multiplied by four times—all in the course of a short period of five years. You had a big mill at Thana; there was a big mill at Ambarnath and I think the Indian Woollen Mills started at about the same time. There were three mills started in Bombay only. At the same time the Kaisar-i-Hind Woollen Mill was started in Bangalore, the Maharani Woollen Mill in Baroda and there was a small mill started in Amritsar. That made a total addition of six mills which increased the capital which had been invested up to the time up to about Rs. 50 lakhs to somewhere about Rs. 250 lakhs. I would like any of you to correct me if I am obviously wrong.

Mr. Maloney.—I would like to know whether your estimate of Rs. 50 lakhs is quite correct. We have accurate information regarding the capital of the original concerns.

President.—If you can correct it, I would like you to do so, but my statement is confirmed by the information which you have given.

Mr. Maloney.—Rs. 53 lakhs is for 5 out of 7 concerns.

President.—As far as I can see, there were only four mills. I am referring to mills about which we have information. There are some mills, the history of which we cannot trace. I want to bring forcibly this idea forward, viz., that immediately after the war during the boom period the Woollen industry swelled its capital unduly. These new mills that started did not start on any new products. They started off producing exactly what the Mills then in existence produced.

Mr. McConnell.—The Wadia Mill when it was first started was intended largely for manufacturing velvets which were being introduced at that

time and not for the regular trade. But it was found not practicable to the extent anticipated and it was for that purpose when we took it over, we had to go in for the ordinary woollen trade.

President.—Were velvets put on the market to any considerable extent before the mill failed?

Mr. McConnell.—No.

President.—What was the reason for that—failure of demand or failure of production?

Mr. McConnell.—The prime difficulty was failure of production due to lack of particular knowledge.

President.—I am not assigning in this analysis any blame to anybody. The facts were these. A large increase in the number of spindles and looms directly added to the internal competition. From this point of view it is quite incorrect to say that up to the year 1928 the Woollen industry had a slow and gradual rise upwards. It is true only up to the war. Thereafter the progress it made was precipitate. The Ambernath mill had closed down after three or four years; the Bombay Woollen Mills collapsed; the Maharani Mills collapsed a little later and the Indian Woollen Mills got into such deep water that they had practically to re-organise themselves and get absorbed in the cotton mills. I put down these failures not in any way to the increase in foreign competition but to excessive and ill-conceived competition in the industry itself. People were undoubtedly carried away by the boom which upset everybody; in fact nobody could be blamed. The effect was that the industry was over-capitalised, over-machined and for a few years there was increased production which resulted in a fall in prices. We are starting off then, as far as the state of the woollen industry in Bombay is concerned, with a considerable handicap. Every mill within the Bombay area is struggling not only against foreign competition but against this grievous burden which was put on the industry by the industry itself or shall we say by ill-advised and ill-considered incursions into the industry by outsiders who subsequently had to depart.

Mr. Maloney.—I am not quite prepared to accept your contention. I am possibly inclined to agree that there was some precipitate expansion but I am not convinced that the machinery which was installed would result in placing on the market more than the country could consume, of the classes of materials which the mills eventually produced. Even when these mills reduced prices below their cost of production owing to the mixture of internal and external competition—it will be admitted that Japan and Italy have made enormous progress in this direction. Had it been possible for us to meet that competition the industry as it exists to-day could and should be prosperous. The Indian mill industry does not wish to produce every possible yard that is consumed in the country but at any rate it can work full time with the consumption of woollen piecegoods in the country.

President.—You have gone rather beyond the range of the statement I was making. I shall have to go into that later on. I really wanted to make the point at present that up to the year 1928-29 there was such over-production that the market was not able to absorb it. I don't say that the market in the future will not be able to absorb it.

Mr. Maloney.—Perhaps I might make myself clear. One must take into consideration the effects of the enormous production by double shift working during the war and we readily admit that towards the close of the war production was so organised in England and in India that goods were turned out as fast as they could be taken up irrespective of the needs of the army or of the ordinary population. One of the causes for the sudden collapse of the new concerns was that all these war stocks of blankets, which was the chief production of the mills, were re-sold to the ordinary population. Even to-day if you go up to the Punjab I think you will find them wearing army coats, service uniforms; service coats that were disposed of by the Surplus Stores department and I think that had a great effect in

the years immediately succeeding the war. I would like some of the woollen mill representatives to express their own opinion because I am only a general observer.

Mr. Gordhandas.—The condition of the Indian Mills did not become worse solely as a result of internal competition and over-production but it was affected to a large extent by the increased imports of French piece-goods including shawl cloth, which competed with Indian made Lohis, and by the increased imports of Rugs from Italy which competed with Indian Rugs. Rugs and Lohis were the largest productive lines of Indian Mills.

President.—Shawls are not included among piecegoods?

Mr. Gordhandas.—No, but piecegoods includes shawl cloth which is cut in shawl lengths and sold in competition with Indian made shawls and Lohis. The imports of piecegoods from France from 1921-22 to 1928-29 were as under:—

	Lbs.
1921-22	191,046
1922-23	243,372
1923-24	744,942
1924-25	1,327,919
1925-26	1,902,389
1926-27	2,237,092
1927-28	4,417,811
1928-29	4,439,224

President.—That is an important point.

Mr. McConnell.—Another point is that the competition which the mills have received from jails has increased, particularly for Government requirements. We have not got actual statistics of the actual output from jails but we know that they are producing very large quantities of piecegoods, particularly heavy woollen blankets and rugs. On more than one occasion the industry has protested against jails with no overheads and no labour charges competing with the woollen industry which is working under great difficulties and I doubt whether that point was ever realised when capital was put into the industry.

President.—I am inclined to doubt whether the total output of jails is sufficient to make their competition serious.

Mr. Scott.—When they can accept in one half year up to 40,000 barrack blankets from one jail alone they can always underquote any of the regular mills for that class of goods.

President.—Which jail was that?

Mr. Scott.—The Bankipore Central Jail in Bihar.

President.—Do you know the extent to which other jails produce for Government departments?

Mr. Gordhandas.—The Montgomery jails in the Punjab purchase yarn from the local mills in the Punjab and manufacture blankets.

Mr. Maloney.—Another point that I would like to make is, as we say in paragraph 2 of our representation, that a new factor which detrimentally affected both the Indian Woollen Mill industry and the handloom industry arose owing to the development which had taken place in the Italian blanket and travelling rug weaving industry. But that statement does not imply that competition suddenly developed in 1928-29. It had been developing for the previous three or four years and was becoming increasingly dangerous to the Indian industry. The reason why we cannot see the expansion very much before 1928 is that the classification of imports was altered in 1928-29 and travelling rugs were not shown separately until that year. They were all classed under "carpets, blankets and floor rugs".

Mr. Scott.—"Carpets and rugs" was the heading prior to 1928-29. To my own knowledge in 1925 the Italian rug competition had developed.

President.—My own notes here show that the customs classification ran as "carpets and rugs" until 1923-24 and from that year as "carpets and floor rugs".

Mr. Maloney.—Then there was another change in 1928-29. Certainly as far as I can understand the classification until 1928-29 Italian blankets and rugs came under this classification.

President.—I will look that up.

Mr. Gordhandas.—Even in the case of blankets and rugs if the mills suffered it was not due to over-production. If you refer to the import figures of blankets and rugs, the total import in 1921-22 was 22,625 lbs.; it increased to 122,000 lbs. in the subsequent year; then 584,000; then 938,000 in the fourth year, 1,400,000 in the next year, 1,421,000 in the following year, then 1,577,000 and 5,470,000 in 1928-29. The increase in imports have played a very important part in the downfall of the woollen industry. The latest figures for imports are 66 lakhs lbs. for 1933 out of which the import from Italy alone is 58 lakhs lbs.

President.—The point is, there was in addition to the excessive internal competition to which I have referred, growing and increasing competition in piecegoods and in blankets, although it was not until the 1928-29 that the blanket competition went up?

Mr. Maloney.—We could not ascertain the importations of Italian blankets and rugs till 1928-29.

President.—You mean there may be something in the customs classification?

Mr. Maloney.—Yes.

President.—You suspect that great rise from 15 lakhs to 54 lakhs lbs.?

Mr. Maloney.—I should think that a part of it was there previous to 1928-29.

President.—I shall get those figures from the Customs department. Coming now to question 3, I want to take exception to the use of the term key industry. In tariff parlance the term key industry is reserved for an industry on which a number of other subsidiary industries are dependent. There is nothing of the nature of a key industry in the woollen industry. What you mean perhaps is an industry of national importance?

Mr. Maloney.—Yes.

President.—"The forcing of a number of mills into bankruptcy" is put rather vaguely. The assumption would be that a number of mills were forced to bankruptcy since 1932. Is that a fact. Is there any mill which has gone into bankruptcy since 1932? What year did the Maharani Mill fail?

Mr. Maloney.—1933-34 and the Bombay Woollen Mills in 1929.

President.—The statement is a little loose. You are accusing the Government of India of having failed to take notice of the representations of the industry with the result that a number of mills had gone into bankruptcy. That is not the order in which it took place.

Mr. Maloney.—Not before the position was brought to the notice of the Government of India.

President.—I am assuming that the dates you have given are quite correct.

Mr. Maloney.—Naturally the lead was taken by the Cawnpore people who formed the largest unit in the industry. Whether they put in official representations or not, I cannot say. Since the difficulties have arisen, we have drawn the attention of the Government of India to the parlous position.

Mr. McConnell.—The Bombay Woollen Mills and the Maharani Mills were both subscribers to the joint representations made to the Government

of India in 1930. These representations were turned down by the Government of India. Subsequent to that these mills went into liquidation.

President.—This is not a matter of much importance. But I should like extreme accuracy when you make suggestions of this kind. End of December 1930 is practically January, 1931.

Mr. Maloney.—I think it can be traced, but I doubt whether you would be able to trace the history of the official representation. There was no organisation at all at that time. It was impossible for our Association to take up the case of the Woollen industry when we were in such a parlous position ourselves, so that it was not until 1931 or 1932 that there was any real organisation in the Woollen Mill industry which could put up a case to the Government of India.

President.—I don't want to lay any stress on that. The point raised by the Government of India is one of considerable importance and one which must be very carefully considered by the Tariff Board. I shall be glad to consider it a little later in greater detail. The difficulties are very great of protecting a pure Woollen industry against competition which is something different and I shall refer to that later on. It must not be forgotten also that when you refer to the effect of competition felt by you from 1929 onwards, 1929 was the first year of the slump. Possibly the Woollen industry suffered more than other industries. Even the importations of the Italian rugs fell off very seriously then.

Mr. McConnell.—That was partly due to the Swadeshi campaign.

President.—It is almost impossible to extract the various causes, but the main cause one would naturally assume is the world wide depression in 1929-30.

Mr. McConnell.—There was subsequently an increase of imports from Italy and other countries and they were in a better position to take advantage of the improvement of the general conditions than the local industry.

President.—The organisation of the Italian industry must be very efficient. Undoubtedly the organisation has been more efficient ever since the Fascist Government took it over. To that extent the Italian industry can be compared to Japanese industry. Both of them are organised on fascist lines.

Mr. McConnell.—Yes.

Mr. Gordhandas.—The fall in the imports was due to general depression and to the swadeshi movement in 1929-30 and the following years.

President.—I should think the swadeshi movement, although it did have very great effect in some districts, was not sufficient to account for the great bulk of this fall in imports. That is my own impression.

Mr. Maloney.—I have not heard of any claim by the Woollen industry that they were particularly prosperous in those two years.

President.—We have heard that it did make considerable progress in Upper India.

Mr. Maloney.—It did no good to the Bombay Mill industry.

President.—I will come to paragraph 8 where you talk about mixtures. Is there any indication in fact that there has been any change in the standard of mixtures in order to bring them within this category. This refers only to piecegoods and not to blankets.

Mr. McConnell.—Yes.

President.—You say: "under the proposed definition, it would also be possible for foreign countries to escape the protective duties on cotton piecegoods by placing on the market a line of goods containing just over 10 per cent. of wool". Have you any indication of that having taken place? I have not received any evidence.

Mr. Maloney.—It is very difficult to establish from the figures that we have in the Seaborne Trade Returns, but we do know that it is possible and we suspect that something has been done in regard to these classes

of goods by the enormous increase in "other goods". We do not know the extent of the increase but imports of mixtures have undoubtedly been large this year.

Mr. Gordhandas.—The imports of mixtures for 1933-34 are given as 3,234,440 lbs.

President.—My question didn't refer to that. We have got no indications to show that mixtures are going up. These Customs Returns do not help us at all, because the definition of mixtures started in this current year, so that we have got nothing to compare them with. We only know that the total amount of piecegoods, pure wool and mixtures have gone up and we do not know whether mixtures have gone up more than others.

Mr. Maloney.—That is right.

President.—What I really want to know is whether you have any indication in the importations of individual classes of goods and that such a transfer is taking place. Is there any indication that people who were making pure worsted goods are now putting in mixed goods?

Mr. Maloney.—It is very difficult to give you the proof.

President.—From the samples which have been sent to us (which we have had analysed) we cannot prove whether there were more mixtures than before.

Mr. Maloney.—No. We can only draw very vague and broad conclusions from the figures of imports.

Mr. Batheja.—Can you draw any conclusion from the importers and dealers?

Mr. Maloney.—I cannot. I think the figures of imports from Great Britain are suspiciously high. They are rather astonishing.

President.—Is there not a great demand for British mixtures of worsted type?

Mr. McConnell.—Such goods might constitute a very small percentage of the total.

President.—Many of the "Kashmir suitings" are not pure wool, particularly the "tropical suiting".

Mr. McConnell.—We can't say what quantity is imported. That is the difficulty.

President.—I had better raise the question of values later on. You have asked that the mixtures shall be treated as woollen goods for purposes of protection. That immediately raises the very awkward problem of how you are going to establish the basic price on which to determine the amount of protection required. You know that the procedure followed by the Tariff Board in the past has been to work out the fair selling price of the indigenous industry and to compare it with the lowest price of foreign goods coming in. If you are going to remove from that procedure the comparable goods, the bottom falls out of the procedure. You cannot establish a standard of protection based on something which you are not making yourselves. It is impossible. Mixtures can be anything from 10 per cent. to 90 per cent. and the prices will vary *ad infinitum* and you cannot have a standard on which you can base your protection. Nor is it fair to establish a basis of protection for pure woollen goods based on something which is made of a very different material.

Mr. Maloney.—I agree.

President.—The ordinary procedure which has been followed in the past is strictly inapplicable to this demand.

Mr. Maloney.—Absolutely inapplicable.

President.—And whether you can get over this by your proposal to have quotas is another matter which we will have to discuss this afternoon.

Mr. Maloney.—I admit that it is not possible for the industry to say specifically how much protection is actually required in the case of this type of fabrics when mixtures vary from 10 to 90 per cent.

President.—I am glad to have your admission. I will go on to paragraph 11. The first condition of the Fiscal Commission was that the industry should have abundance of raw material. You have put the estimate of production of Indian wool at 90 million lbs. My own observations since we started this enquiry lead me to believe that estimate is too high. It is based, if you are following the usual Census Statistics, on the calculations of the number of sheep in each province and a rough estimate is made in the production of wool from each sheep.

Mr. Maloney.—Our estimate is based on that made in the Wool Year Book and by the International Labour Office.

President.—I presume they obtain it from Indian sources?

Mr. Maloney.—It must always be a rough estimate, but I should say that it would be very difficult to ascertain or check that figure of the estimated number of sheep.

President.—I believe that 90 million lbs. has come from the census of sheep. As far as I am aware the only estimate of wool production that has ever been made in India is based on the census of sheep.

Mr. Maloney.—Exactly.

President.—The census of sheep in 1929-30 shows that there are approximately 42 million sheep in India and in Indian States and the 90 million has been roughly based on that. It is more than 2 lbs. of wool from a sheep. Nowhere have we obtained any estimate (except in the extreme north of India) that the Indian sheep will give more than 1½ lb.

Mr. Maloney.—Against that we have export figures of Indian wool. Whether they are Indian wool or not is perhaps open to question, but I believe I am correct in saying that the exports alone have totalled 55 million lbs.

President.—I will give you the actual figures which I worked out the other day from the Customs Returns. The average imports of raw wool into India during the last 5 years are:—

	Lbs.
By sea	5,741,000
By land	11,380,000
Re-exports	7,353,000
Exports (being the average of five years)	42,050,000
Total imports	17,121,000
Quantity re-exported	7,353,000

That leaves an average balance of imports of 9,768,000 lbs. Now the figure of exports is 42 million lbs. The estimate I have based on the number of sheep is 83,600,000. You get a balance of 41 million lbs. If you add to that the net imports of 9 million lbs., you get a total available supply of wool in India of 51 million lbs. roughly. That is almost exactly the figure you have given. It is too big, but I cannot confirm it until we get the statistics from all the mills in India. If I can deduct from this 51 million lbs. a sure figure of mill consumption, the balance must be consumed by the hand industry or the cottage industry.

When we have received the estimates from all the provinces—unfortunately we have very little evidence from the States—some sort of rough estimate is possible. I think we shall find the estimate is rather excessive. I have told you my reasons for that. My belief is confirmed by what has happened in Madras where we cannot account for 8 million lbs. Production in Madras is about 15 million lbs. and the exports amount to 3 million lbs. There is 12 million lbs. said to be consumed in Madras by the handloom industry, which is incredible.

Mr. Scott.—There is another factor which has to be taken into account in this connection. A very large quantity of dead wool is used by the agriculturists in South India as manure.

President.—Have you got any idea of figures?

Mr. Scott.—It is impossible to say.

Mr. McConnell.—Do the import figures of raw wool include worsted tops?

President.—It would probably include tops.

Mr. McConnell.—That would reduce the figure of raw wool consumed in India.

President.—I don't quite follow.

Mr. McConnell.—You arrive at a figure of 51 million lbs. which is the nett balance of imports after allowing for re-exports. If that import figure contains the importation of tops, I think the top figure should be deducted to arrive at the figure of raw wool consumed in India.

President.—You could exclude the importation altogether.

Mr. McConnell.—That would then become about 41 million lbs. to be consumed.

President.—I should like to refer briefly to your argument in paragraph 12, viz., that the partial dependence on imported wool does not provide an argument against protecting the Indian industry. You quote there the argument used by the Tariff Board. The circumstances differ considerably in the woollen trade from the cotton trade in that one side of the Indian industry viz., the worsted side—I think we shall be right in saying—is entirely dependent and must increasingly remain dependent, on the importation of foreign wool.

Mr. Maloney.—It is doubtful whether you would be justified in drawing that broad conclusion. One does not know to what extent wool required for worsted weaving can be produced in the country by improving the wool clip.

President.—I have based conclusion on the evidence which we have received from yourself.

Mr. Maloney.—That is quite true.

President.—The idea I have obtained from the evidence given is that the Indian wools, the best of them, to-day can only be used for inferior types of worsted and no one has suggested that the improvement of Indian sheep is likely to be effected to such an extent that the general level would be higher than the best of to-day. The most that could be expected is that the general level of quality may be brought up to the best of to-day.

Mr. Maloney.—That has to be answered by the practical men in the trade. I think that it would be just possible that something infinitely better could be produced if a real effort were made to improve the wool clip of the country. I may say that in case of cotton from experiments which have been made in growing Sea Island cotton it looks as if they have achieved success in the production of a very fine type of cotton. If that can be done in the case of cotton, it is just possible India will be able to greatly improve the quality of her wool.

President.—It is just possible, but as a practical man

Mr. Maloney.—The opinion that I have expressed may be taken as the general view.

President.—I don't think it would be safe to draw any conclusion from any other view.

Mr. Maloney.—One cannot estimate the possibilities because nothing has been done to improve the quality.

President.—I don't think that anybody will grumble at the assertion that the worsted side of the Indian industry must remain for many years dependent on imports.

Mr. Maloney.—That is perfectly true.

President.—I should like your opinions also on the extent to which the woollen side of the industry will, in your opinion, have to go on importing wools in large quantities. There are two views. One is that it is possible to produce something which will compete with imported blankets from Indian wool. The general view which I have gathered is that if you are to produce products which will take the market fancy in the way in which the Italian goods have, you will have to import wool, not necessarily the best wool but something better than what you can obtain locally. We have been told that the supply of better type of wool is not sufficient to go round. I should like to know if you could arrive at a general agreement about that.

Mr. Scott.—Rugs produced from better types of Indian wool can sell against Italian rugs at a price. Leaving aside the price factor the answer to your question is that Italian competition can be met by Indian Mills to a very large extent.

President.—Is your answer dependent on the unknown factor of the available supply of Bikanerees and Jorias?

Mr. Scott.—It need not necessarily be the very best. I have a sample here (shown) which is already made not from the very best wool but from the average quality of North Indian wool. That rug had been sold in many thousands by our own mill in 1933 at a very great loss. Nevertheless the rug was sold and the market consumed it.

President.—Can I take it that at any rate as far as South Indian wools are concerned, the coarse blankets which are made to a great extent of South Indian wools will never be able to compete against foreign products?

Mr. Scott.—The very low grade imported rug is sold largely on price. If we can produce a rug from Indian wools to-day at a cheaper price than anything imported, we can sell it. In the very low grade, price is a very important factor and not quality.

President.—We have been given to understand that if you put side by side the low grade Indian rug and the imported rug, the market will always take the Italian rug if the price is anything like level.

Mr. Maloney.—Yes.

President.—I understood you also to say that the market is even prepared to pay a few annas more for the Italian rug.

Mr. Scott.—Yes.

President.—So that your price of the Indian rug has got to go down very greatly, to compete against the demand for the softer article.

Mr. Scott.—If we produce a cheap Indian rug from South Indian wools and sell at Rs. 2, it will sell against the Italian rug at Rs. 2-8.

President.—I don't quite follow that.

Mr. Scott.—If we produce a rug from South Indian wools at Rs. 2 against the Italian lighter rug at Rs. 2-8, it will sell simply because it is cheaper.

Mr. Batheja.—Even if you mix cotton with wool.

Mr. Scott.—It is practically impossible to mix cotton with this very low grade wool.

Mr. Batheja.—I am not talking of mixing of wool with cotton. Suppose you use cotton warp and woollen weft?

Mr. Scott.—You cannot do it. You cannot cover it. You won't have any fringes. It has been tried and found that it cannot be done. In any case it does not make it cheaper as the price of cotton is higher. You have to put all your weight in the weft. It is much easier to make the woollen warp. The greater the weight you put on the warp, the cheaper the rug.

Mr. Maloney.—I think you may rule out the idea of cotton warp and woollen weft. I am not an expert but my impression is that the warp

is intended to hold the covering material. The weight of the warp is a very small proportion of the finished weight.

Mr. Batheja.—The Italian rug and the Japanese rug are made of cotton and wool. The Victoria rug which you have mentioned in the joint representation is half cotton and half wool.

Mr. Staines.—It is a blend.

Mr. Batheja.—The Japanese rug contains cotton.

Mr. McConnell.—You require a better quality wool to get the covering effect.

Mr. Batheja.—How will you lower the price of your blanket to Rs. 2? You said that if you could produce a rug at Rs. 2, you could sell it against an Italian rug at Rs. 2-8?

Mr. Scott.—You can put it the other way. If the cost of the Italian rug is increased, we will then be able to sell our rug at a reasonable price.

President.—It does not follow that if a beautiful Italian rug is sold at Rs. 2-8 and if we make it Rs. 3 by the imposition of a duty, you would be able to sell your rug at Rs. 2-8.

Mr. Scott.—We might be able to get a fair price for our rug.

Mr. Taylor.—We should be able to improve our quality.

President.—What worries some people, not me only, is that there are indications that the increase in the market for woollen goods which has undoubtedly taken place is due to the cheapness and nice appearance of the imported article. If that is true, it does not follow that if you keep the beautiful rug out, a less beautiful article will necessarily take the place of the imported article, so that you have not only to increase the price of the imported article but you have to be prepared to produce something like it, or at least as near it as possible. It is not sufficient to kill the trade by protection unless you are able to replace it by your own production. You have to satisfy the public that if they grant you protection against imports, you will within a short period be able to satisfy the market. We have no indications to show that the market will be able to buy your stuff.

Mr. Maloney.—It is a very fair argument but one I cannot answer from the woollen industry's point of view; but I can answer from the experience of the cotton industry. I will take the Calcutta market which used to import enormous quantities of dhoties of very fine texture from Great Britain. Now the Indian mills have definitely and I hope permanently, captured that market and are satisfying that market. As far as I am aware to-day an article not by any means the same as the article which was originally imported from Great Britain—the kinds of articles which have been put in the cloth market are 30s×40s and the kind which it has replaced satisfactorily was 60s×80s and 70s×90s a very much finer article—and we have done this from Indian raw material, and it is going to hold that market in the future. I think something of that kind is likely to happen in the Indian woollen industry if it were adequately protected.

Mr. McConnell.—We can confirm that from our experience also.

President.—It is a little unsafe to apply the analogies of one industry to another. I should imagine that there is a greater difference between the low grade production in wool and the shoddy production in the general feel and beauty of texture than there is between the Indian mill made cloth and what is imported from Great Britain.

Mr. Maloney.—I shouldn't say so. I think some of the rugs I have seen here when put up against an Italian rug are more near in appearance to the Italian article than perhaps are our Calcutta dhotis compared with the English article.

Mr. Scott.—The Chairman has taken rather a broad view of what is described as Italian rugs. There are two categories of Italian rugs, a very low grade of Italian rug and a superior grade. In the case of the low grade

Italian rug it is all unpriced and if we produce a little bit cheap from the South Indian wool we will be able to sell it against that quality. The difference in quality of the Italian rug of low grade is not sufficient to make the poorer class of people pay considerably more for it; they may pay a few annas more for it and the South Indian rug can and does take its place when the price is suitable.

President.—In spite of the intrinsic defects of the low grade Italian rug it is still being sold. It very quickly wears out, as you point out, loses its appearance and its durability is about $\frac{1}{4}$ th the life of the Indian competing rug; why then does the foolish purchaser go on purchasing this article? Is it entirely a matter of price?

Mr. Maloney.—It keeps on being foolish!

President.—You have got to take into consideration that a large part of your market will go on being foolish in the future!

Mr. McConnell.—People prefer the better article when they can get it at a price.

President.—I think there is considerable force in the argument that when people have not got much money to spend on clothing they can't look more than two years ahead. I should like to know from this assembly of experts whether you have not under-estimated the difficulties about expert labour. When you come to the finer counts, I am prepared to admit that there is very little in it on the woollen side of the industry but the impression that has been given to me is that when you come to the producing of fine worsted goods the experience of the workmen is a very important factor. So far as we were able to ascertain from merchants dealing in these goods there is still nothing to compete with the finest Yorkshire production because they have more experience, and as far as I can see as a layman, there is no comparison between the two. How long is it going to take your industry to attain this standard of perfection?

Mr. Maloney.—I should say as long as it has taken Japan. In Japan the woollen industry is of a very recent growth. After all Japan, until two or three years ago, did not export any woollen goods and they are exporting the very finest quality to-day. So that this argument about expert labour of the Yorkshire operatives or Lancashire operative goes entirely by the board. I know what has been achieved in other countries and I know that this high degree of expert knowledge has been grossly over-rated.

President.—Very possibly, but we have been told over and over again that fine as the Japanese imports look they can not compare with the imports which are coming from other countries. Yarns imported for the hosiery industry have not proved satisfactory.

Mr. Maloney.—Give them another two years.

Mr. McConnell.—These people have been producing for some time in bulk whereas the indigenous industry as far as fine counts on the worsted side goes is only in an experimental stage.

President.—Have you or have you not under-estimated the importance of having highly skilled labour because you have no experience or little experience in Bombay of producing the finest counts?

Mr. Mehta.—We have experience in cotton mills and we do not find any difficulty when we come from coarser to finer counts. I can put my mill on to twice as fine on 50 per cent. of finer sorts to-morrow.

President.—Is there no difficulty in producing it? The result will be satisfactory?

Mr. Mehta.—Yes.

Mr. Maloney.—It is only a question of employing experts and having the machines.

Mr. Mehta.—In the woollen mill we have gone on from coarser to finer counts and we had no difficulty with our labour.

Mr. Batheja.—Why have you not been able to supply certain kinds of cloth to the Indian Stores Department?

Mr. Gordhandas.—That requires special plant on which flannel can be produced.

President.—You say that “the intense competition of recent years from Italy and Japan has been assisted by special factors” which you regard as temporary. The exchange advantage to Japan we know of; what special factor are you referring to which is assisting Italy?

Mr. Maloney.—It is their elaborate arrangement for the purchase of rags, and their raw material.

President.—It is not quite clear whether you regard that as a special factor, this elaborate organisation for the purchase of shoddy. The shoddy trade of Yorkshire has been very well developed, has it not?

Mr. Scott.—It is a wholly specialised trade. We believe dealers can collect rags on the co-operative system and apart from anything on the manufacturing side Italy has an advantage over the Indian manufacturer as regards collection of shoddies.

President.—Is that a special factor which will be ever overcome? I am only referring to your assertion that these factors will not remain permanent.

Mr. McConnell.—Italy also reputed to have shipping and other subsidies for the encouragement of industry.

President.—The question of receiving subsidies is so intricate and involved and hedged about with beliefs and traditions that I am not prepared to lay any stress on it at all unless supported by facts. It is possible to receive subsidies in the military budget in a round about way to help shipping but as far as we know there are no special subsidies to producers.

Mr. Maloney.—In any case I agree that it is the most difficult thing in the world to prove the existence of any indirect subsidy.

President.—Paragraph 19 of your representation raises again the question of mixtures. You contend that such materials which appear to be the same, serve the same purpose and are made in the same factories with the same machinery should be subject to specific duties. You are not, I take it, prepared to lay this definition down in the customs classification? It is not possible to investigate whether they are made in the factories with the same machinery and it is rather difficult to say whether they are serving the same purpose.

Mr. Maloney.—I submit that these goods are produced with the same machinery in the same factory.

President.—Your real point is that although in what they call “woollens” there are other things, a garment though made of mixtures becomes really a woollen garment?

Mr. McConnell.—The present classification allows up to 90 per cent. cotton in woollen fabrics; I suggest that 50 per cent. would be a very much more reasonable figure.

President.—At present a fabric if it contains 90 per cent. wool is “all wool”; if it contains less than 90 per cent. and more than 10 per cent. it is a mixture. Would it not bring complications if a garment had 12 per cent. wool? It is very difficult to lay down a percentage. I think in the olden days when there was a customs classification of woollen blankets instructions to customs officers were to regard any garment as woollen which contained more than 15 per cent. of wool. Would that be a satisfactory definition to-day?

Mr. Scott.—I suggest 25 per cent.

Mr. McConnell.—Under that classification you would have blankets coming in under a woollen Tariff with 15 or 16 per cent. wool and 85 or 84 per cent. cotton which makes them almost equivalent to ordinary cotton waste

blankets and as such I suggest that with such a high percentage of cotton they should come under the cotton classification rather than woollen.

President.—Your classification (in your written evidence) proposes to define as cotton blanket one containing not less than 90 per cent. cotton and not more than 10 per cent. wool. What about the in-between-the-two? Supposing a blanket contains 80 per cent. cotton, 9 per cent. wool and the balance may be anything?

Mr. Maloney.—It will have to be provided for.

President.—It is a problem that is likely to arise out of one of these curious mixtures coming from Japan which contains hemp, artificial silk and things of that sort. You will classify these as 'Others'?

Mr. Maloney.—It depends on the various types.

President.—Perhaps I am going a little too much into detail. Is it fair to class as woollen a blanket containing 10 per cent. wool?

Mr. Maloney.—Whether it should be 15 or 20 per cent., I leave it to the experts when they discuss this matter.

President.—This Japanese blanket which we are talking of which looks like "all wool" contains only 24 per cent. wool.

Mr. Maloney.—Whether it can be as low as 10 per cent. recommended by the experts is a point on which I cannot express an opinion.

President.—I take it that our object is to arrive at a definition of a blanket which could be taken as wool by the common public. Do you think that 25 per cent. will do?

Mr. Scott.—I think that 25 per cent. would be the lowest quantity of wool.

President.—I suppose even analysis can't get within one per cent. of the material.

Mr. Scott.—With 25 per cent. wool we can make a blanket and make it look like a woollen blanket.

President.—If it were less than 25 per cent.

Mr. Scott.—It would be very difficult.

Mr. Maloney.—If you put in 25 per cent., people would put in 24 per cent.

Mr. Taylor.—You cannot go lower than 10 per cent.

Mr. Maloney.—I think 20 per cent. would be safe.

Mr. Gordhandas.—I think 10 per cent. would be the safest.

Mr. Maloney.—The percentage of 10 or 20 is not so important as what the duty is going to be.

President.—In answer to question 20 you say: "There is a very wide range of materials containing a proportion of reclaimed wool, which cannot be distinguished with certainty even by the most careful and expert examination, from goods made from new wool, and which are, therefore, entitled to admission under this serial number of the tariff schedule". The fact that you cannot distinguish whether a garment contains reclaimed wool or not would hardly be accepted by the Customs as a claim to admission as a mixture.

Mr. Maloney.—I agree.

President.—I take it that you really mean, although the analyst can declare that there is shoddy in the garment, he could not determine the exact proportion. Unless the analyst of the Customs Department is willing to declare that the garment has got shoddy in, it cannot be admitted; it will be classed as pure wool.

Mr. Maloney.—Yes.

President.—It is not true for you to say that because certain wastes are indistinguishable from new wool, the garment which contains this indistinguishable matter will be admitted as shoddy garments. When you give a concession to an importer, the onus is on the importer to prove that his

article comes within the terms of the definition. Unless the importer can prove that a garment contains shoddy, he will have to pay full duty. If it is indistinguishable to anybody including the analyser, it will be treated as new wool. There is no risk of the Customs accepting a mere declaration. We have been assured by the Customs that they would not accept a declaration. The onus is on the importer to prove that his article contains shoddy.

Mr. Maloney.—With due deference, articles come in.

President.—I have it down in black and white.

Mr. Maloney.—It would be very difficult. The customs could not prove otherwise. The Customs could not prove the contrary.

President.—But if the importer claims a concession, he has to prove it.

Mr. Maloney.—He can prove it by manufacturing returns.

President.—I put this very question to an Appraiser and he said that it is the duty of the importer to prove that there is shoddy in the garment.

Mr. Maloney.—If there is shoddy in the garment, the importer can prove it.

President.—You say he cannot prove it. It is indistinguishable.

Mr. Maloney.—The Chemical Analyser cannot prove the contrary. The man who manufactures the blanket can always prove that it contains shoddy.

President.—How?

Mr. Maloney.—By showing his manufacturing returns that he produces nothing else, but this.

President.—Perhaps I have misunderstood your objection.

Mr. Maloney.—I don't say that the proof of the manufacturer would be definitely accepted by the Chemical Analyser. It would be possible for any manufacturer who has got shoddy in his material to make a statement which would have to be accepted by the customs people unless there is very grave reasons for doubt.

President.—I am prepared to accept that. I have understood your argument here to be that anybody who claims that he had shoddy in the garment would be entitled to the concession merely because the customs could not prove that it was not in. That is not the fact. The onus is on the importer.

Mr. Maloney.—He must prove it.

Mr. McConnell.—What is the proof the manufacturer at present submits to satisfy the customs requirements.

President.—I have no idea.

Mr. McConnell.—Apart from showing the samples, there is nothing.

President.—It is really a matter for the Customs Department. I perhaps misunderstood the point of your argument that the wastes are indistinguishable.

Mr. Maloney.—It is impossible for the Customs Department to dispute a reasonable claim that an article contains shoddy, because he cannot prove what is new and what is old.

President.—I prefer to put it in my own way. Undoubtedly the onus of proving that a garment contains shoddy is on the importer. How they will do it, I do not know. Merely because the analyser cannot say, no Customs Officer will be justified in passing goods merely on that assertion.

Mr. Maloney.—He may be taking a very grave responsibility.

President.—It is elementary. If he produces evidence which satisfies the Customs Department, well and good. It doesn't matter in the least whether shoddy is distinguishable or indistinguishable.

Mr. Maloney.—Quite.

President.—The importer has to prove that the shoddy is in.

Mr. Maloney.—Yes.

President.—I have already pointed out to you with regard to the latter part of this paragraph that the argument is not valid, because you are

comparing to-day's figures with something which is not correct. When you say that other sorts have increased more than five times, it does not mean anything except that "shoddy" has been taken from "woollen goods" in the classifications.

Mr. Maloney.—I agree.

President.—You cannot imply therefore that shoddy imports have gone up five times, which is the assumption I get on reading this paragraph. They may not have gone up at all.

Mr. Maloney.—It is very likely that they have.

President.—That is a matter of opinion on the evidence we have. I am not quite sure why you propose a separate classification of cotton and woollen blankets. I agree that for purely statistical purposes it is advisable to retain some classification of woollen blankets, but you have not made use of that classification in your subsequent proposal. There is no point, is there in your proposal?

Mr. Maloney.—There is. When we are estimating the competition which an industry has to face, we should have a classification which would permit that.

President.—It is purely for statistical purposes, but for the purpose of your application for protection there is no point in having a definition of cotton and woollen blankets.

Mr. Maloney.—The duty should be different. The protection required by the woollen industry may be different from the protection required by the cotton industry. So the classification must be combined with the duty. If you have one classification, you have one rate of duty. If you have two classifications, you necessarily have two rates of duty. They may or may not be the same.

President.—Have you pursued that in these proposals?

Mr. Maloney.—Yes to this extent that it has been definitely stated that the degree of protection required by the woollen industry for woollen blankets and mixed blankets has been made out in the representation. Regarding cotton blankets, they may come under a separate classification.

President.—Supposing it was not practicable to follow your proposal regarding a quota and it was found desirable either to have a specific duty or a specific duty combined with an *ad valorem* duty, would it be necessary to grade these woollen blankets in various categories?

Mr. Maloney.—If you are going to have a specific duty, you would have a system of grading. If you are going to have an *ad valorem* duty, you need not have that.

President.—Paragraph 23: I hope we shall be able to supply you with actual statistics of looms as well as other statistics when we finish our enquiry, but at present we must accept this estimate which you have got.

Mr. Maloney.—This is very rough.

President.—There is a considerable discrepancy between the various estimates which have been made of the output and I understand the explanation is, the lower the type of blanket the greater the output. When you say 15 millions, you are contemplating a low class of blankets.

Mr. Maloney.—Yes.

President.—When some other mills suggest that the proper figure would be 12 millions, they are contemplating a higher quality.

Mr. McConnell.—Ye

Mr. Scott.—15 millions would not be a very low grade blanket.

President.—This works out at about 80 lbs. a day production.

Mr. Scott.—In the case of very low woollen goods in South India, it will be well over 100 and even 120.

President.—The figure given in representation under the Safeguarding Act works out to about 47 lbs. per day. Is that high class?

Mr. Scott.—The quality will be of fine counts for a blanket.

President.—What would be the sort of price for those blankets?

Mr. Scott.—Rs. 5 to Rs. 6.

President.—Do you fear the resultant overproduction which would occur if these figures were actually obtained. We have not yet been able to work out any estimate of the handloom production of blankets, but if you add the poundage of imports to your estimate of production, you would get a figure of something over 20 million lbs. of blankets. That is not quite a fair figure to take, because if you produce 15 millions, imports would go down so that the total production would be something less than 20 millions. But it does look as if these figures imply a total production which cannot be absorbed by the Indian market at present.

Mr. McConnell.—It is being assumed that we have introduced nothing but heavy woollen blankets.

President.—What is the alternative?

Mr. McConnell.—The alternative is heavy woollen tweeds and similar piecegoods.

President.—Have you arrived at any approximate estimate of how the output would be distributed if your mills were working at full pressure?

Mr. McConnell.—We have not done that. It would naturally depend upon the demand.

President.—But it would be safe to say that if the market were apparently going to be swamped by blankets, the mills would be able to switch over to something else?

Mr. Gordhandas.—We have 90 blanket looms. We are working only 10 looms on blankets and the rest on other sorts.

Mr. Maloney.—I think it may be assumed that the Mills at Bangalore would continue to produce blankets and that the Bombay Mills would produce only a small proportion of blankets.

President.—Hitherto the Bangalore Mills' production is entirely blankets.

Mr. Maloney.—Almost exclusively.

President.—The Bangalore Mills would not be prepared to turn over to tweeds?

Mr. Scott.—Yes, they would if there was a good market for them. We are not well placed geographically for tweeds. We have no ready market for tweeds as we have for rugs.

President.—Have you any information about the extent to which the market for blankets or any other article of wool is capable of expansion? We have noticed in the course of the last few years a phenomenal increase in the importation of blankets and piecegoods. Is that improvement entirely at the expense of the Indian producer or is the market actually expanding?

Mr. Maloney.—I should say it is due to the combination of the two. There is likely to be a great demand for woollen piecegoods of various types as the population takes to European habits in respect of dress. But I don't think that that would detrimentally affect the demand for local blankets.

President.—Apart from blankets, the market for woollen goods and woollen clothing is almost entirely in the north of India.

Mr. Maloney.—Yes.

President.—There I think the question of European habits does not enter. In the cold climate, people want woollen clothing, European type or any other type.

Mr. Maloney.—Yes.

President.—It does seem from the evidence given to us that people are largely turning over from kinds of cotton clothing to kinds of woollen clothing and the reason for that is probably the increasing cheapness of woollen garments as compared with cotton. I should imagine that in the cold season woollen garment is always preferable to any kind of padded

cotton and there is evidence that people are increasingly taking to woollen goods. I should imagine the reason for that is almost entirely the present day cheapness and possibly when you are talking of a market which will continue, you have to envisage that if the prices go up to a considerable extent that expansion will cease.

Mr. Maloney.—Strangely enough in the cotton industry one of the most successful and essential branches of the industry is that of producing coatings and suitings. I think Mr. Scott will be able to bear me out that they have never had any difficulty in selling their greatly increased production of mercerized cotton suitings.

President.—Would they be selling them in the same market as they would be selling their woollen goods?

Mr. Scott.—Particularly in the Punjab, which is the best market for what we call mercerized tussour suitings.

President.—That is because the Punjab is not only the coldest place but also the hottest place in India.

Mr. Maloney.—In the north of India, development is taking place and new areas which are being opened up. Now we have seen these are potentially large markets for woollen goods for a season of the year.

President.—Whether a man can afford to have two suits, one for winter and another for summer, depends very largely on the standard of living. When the standard of living begins to rise, the demand will go up undoubtedly. From that point of view there is considerable scope for increase in the demand for woollen goods but it must depend on the increased capacity of the people to buy.

Mr. Maloney.—I think the increased capacity is there in the particular areas where the woollen goods are being consumed.

President.—I have already dealt in the examination of individual mills, with the question of prices of Indian wool. I think it would generally be admitted that the arguments you have drawn here require to be modified. You have based your argument on the South Indian types of wool but prices have not fallen in the same ratio in the case of other types of East Indian wools. I also think that it has been admitted it is not quite fair to quote top prices in comparison with the wool prices. Top prices do not always follow the prices of Australian wool. There are other causes.

Mr. Gordhandas.—There is some connection between top prices and Australian prices, but top prices and low grade Indian wool prices may not go side by side.

Mr. Maloney.—At the same time, it must be assumed that top prices will affect the Indian prices to some extent.

Mr. Scott.—The price of tops is a definite indication of the wool market.

President.—I think it is. But I have been looking at the curve of the top prices and the curve of Australian wool prices. They do not necessarily follow each other in the same order whatever the reason may be. I also think it does not quite follow that the chief factors which have contributed to the depression of the handloom industry and the wool market are the same. There are other factors which have affected certain types of East Indian wools. I think—I am not quite sure of the year—about 1923 to 1925 the demand from America for Indian wools started and it went on increasing. About 1931-32 the American depression started and you have noticed in the export statistics that the exports to America fell in 1930-31 and 1931-32.

Mr. Maloney.—That may be.

President.—That must have had a very considerable depressing effect on Indian wools.

Mr. Maloney.—It would be correct to assume that if there were considerable exports; but we are confining ourselves to South Indian wool, which as far as I can judge from the evidence that has been taken has not been largely exported.

President.—That is preferably so, in which case the American factor, you think, would not apply to South Indian wool.

Mr. Maloney.—It would not.

President.—There is also this factor that some mills are increasingly turning over to superior classes of woollen goods. That also has had an effect on your demand for South Indian wools. It is not a question of depression, but it is a question of change over of the demand for a better class of rugs. Even in Bangalore, the Mills are now wanting to get superior class of East Indian wool. That in itself must reduce the demand for South Indian wool.

Mr. McConnell.—That may not have had any appreciable effect. If indeed there has been a bigger demand from Indian mills for better classes of wool, you would not necessarily see such a big drop in the price for South Indian wools as is shown.

President.—Which is the chief port from which the export of raw wool to America is made?

Mr. McConnell.—Karachi, I think.

President.—In paragraph 30, you refer to the difficulty of assessing or determining the amount of protection. If it is a fact that the public are willing to pay a little more for the Italian rug than for the Indian rug of a similar type, that is an indeterminate factor. It is not solely a question of price which enters into it.

Mr. Maloney.—That is the difficulty which is going to be overcome or may be overcome. I shall ask Mr. Scott whether it is the case that he will eventually be able to produce a rug absolutely equal to the Italian rug in appearance and in selling value.

Mr. Scott.—We have done so. At present we cannot do it on account of price.

President.—The conclusion that I draw shows yet another difficulty. I have already pointed out the difficulty of determining the amount of protection, when you cannot fix the price of a comparable article which is imported. It becomes more complicated when you are not even able to follow the procedure which has been adopted by the Tariff Board in the case of the Cotton Industry. There the Tariff Board took what they considered to be the fair selling price and the realised price. It is impossible to adopt that here because your realised price bears no relation to what is going to happen in the future.

Mr. Rahimtoola.—You have submitted this representation on behalf of the Millowners Association or on behalf of the Mills who are members of your Association?

Mr. Maloney.—I have merely used the Association as a convenient means of getting the Woollen Mill members together, ascertaining their views and passing them on to the Tariff Board.

Mr. Rahimtoola.—It has nothing to do with the Millowners Association.

Mr. Maloney.—Not with the Cotton section.

Mr. Rahimtoola.—Have all the Woollen Members of your Association joined in this representation?

Mr. Maloney.—No. So far, we have had nothing but a sort of general agreement with the case from the Cawnpore Woollen Mills and the Egerton Woollen Mills.

Mr. Rahimtoola.—That means to say the Cawnpore people have so far not supported the representation which has been submitted?

Mr. Maloney.—I would not go so far as that. I would say that they do generally support the representation. Whether they agree with every

statement contained in this representation or not is another matter. I think that they could be taken as agreeing to the representation.

Mr. Rahimtoola.—Have they stated that in writing after they have seen the representation submitted to the Tariff Board?

Mr. Maloney.—Not officially, but only unofficially.

Mr. Rahimtoola.—That means, as far as you are concerned and as far as the Board is concerned, the representation is only from some members of your Association?

Mr. Maloney.—Yes. I cannot commit the Cawnpore Mills or their sister concern the Dhariwal Woollen Mills in any way to this representation.

Mr. Rahimtoola.—That was my point. You have nothing to show whether they support it or oppose it in spite of the fact that they are Members of your Association.

Mr. Maloney.—Nothing officially.

Mr. Rahimtoola.—With regard to your first paragraph you state that the blanket and rug industry specially and the Indian Woollen industry generally felt the need for protection in 1928.

Mr. Maloney.—I say about the year 1928.

Mr. Rahimtoola.—I am asking you because I understand somewhere about this year, the first representation was sent to the Government of India.

Mr. Maloney.—I had nothing to do with it. The Woollen Mills were not members of the Association at that time and whatever was done was done either by individual Woollen Mills or by a temporary combination for the specific purpose of submitting a representation.

Mr. Rahimtoola.—None of the Woollen Mills were members?

Mr. Maloney.—I think the Raymond Woollen Mills were members at that time.

Mr. Rahimtoola.—Did they ask you to send a representation on their behalf in 1928?

Mr. Maloney.—They did not do so because the industry as a whole had no members in the Association apart from the Raymond Woollen Mills. We would not undertake to submit a representation on behalf of one particular mill.

Mr. Rahimtoola.—Your representation was sent in the year 1932?

Mr. Maloney.—The first representation put up by the Millowners' Association on behalf of the industry may be said to have been in 1933. Under the Safeguarding of Industries Act the Government of India dealt to some extent with the case of the woollen industry but the first real representation is the representation which is now being presented.

Mr. Rahimtoola.—How is it of national importance? I would like to understand whether you are putting this industry on the same level as the cotton textile industry.

Mr. Maloney.—I should say in some ways the woollen industry has been of even greater national importance than the cotton industry. In my opinion it is essential that every country should have at its command sources from which it could draw supplies of woollen goods in times of trouble. As regards the extent of the industry, it cannot be compared with the Indian cotton mill industry. That is simply because the population of this country is largely clothed in cotton and not in woollen goods.

Mr. Rahimtoola.—I suppose you are probably aware that when an industry is regarded of national importance it need not fulfil the three conditions laid down by the Fiscal Commission.

Mr. Maloney.—I think it has proved that it is not labouring at any rate under any serious disadvantages.

Mr. Rahimtoola.—One of the very great disadvantages of the industry at present is with regard to its raw material.

Mr. Maloney.—I do not consider that as any disadvantage at all. I think in other countries of the world the woollen mill industry has been a success although they have not got any raw materials available whatsoever.

Mr. Rahimtoola.—That is why I asked this question. You have said that it can satisfy the three conditions of the Fiscal Commission.

Mr. Maloney.—I said to some extent. This industry is of national importance and therefore it must have protection. We fortunately have to prove that we have a reasonably efficient industry and we have certain natural factors which assist us.

Mr. Rahimtoola.—With regard to the figures given by the Government of India which you have disputed, was any reference made to the Mill-owners' Association?

Mr. Maloney.—As I said, in those days the woollen mills were not members of the Millowners' Association. If there was any correspondence with the Association it was probably to enquire whether the Association could help them, but I can't remember that the Government ever referred this question to us.

Mr. Rahimtoola.—As far as the number of mills are concerned I find that your statement gives practically the same number. The information given by you is almost identical with that given by the Government of India?

Mr. Maloney.—Government have greater facilities for conducting enquiries of this kind than we have.

Mr. Rahimtoola.—With regard to the opinion that you have expressed before the Board about woollen mixture fabrics, I suppose that represents the views of all the members of your Association present here?

Mr. Maloney.—It does.

Mr. Rahimtoola.—In paragraph 26 you lay stress on the fact that the Indian wool grower should also be protected in case protection is granted to the woollen industry. Can you suggest any practical steps which should be taken to assist them? It would be very valuable if you could submit a note on the subject because the question of raw material is a very important point which has to be considered by the Board and any suggestion with regard to the improvement of quality of raw wool would be very useful.

Mr. Maloney.—I am afraid that from the information that I have it will be impossible for me to give what I consider to be any really helpful and detailed scheme.

Mr. Rahimtoola.—Can you not do it after consulting some members of your association on the subject?

Mr. Maloney.—I think something may be done.

President.—I think it would be true to say that the user of wool is not in a position to say how improvements can be effected; on the other hand he is in a position to give information regarding the defects which he finds, and if you could submit a considered statement of the defects you at present find, whether defects of grading or quality or any other defects, it will help, I think.

Mr. Maloney.—I personally of course cannot do that but something can be done by consulting our members.

Mr. Rahimtoola.—You know something about the Central Cotton Committee and the researches that are going on with regard to cotton and I want to know whether something on those lines can be done with regard to wool.

Mr. Maloney.—I should imagine any step taken of a deliberately calculated character after such consideration as is possible would be of material

advantage to the grower. That is all I can say. Whether a Committee should be established for the purpose or not is another matter.

Mr. Rahimtoola.—With regard to the rates you have given in paragraph 27, you say that when business is transacted offers of 1*d.* or 2*d.* a rug less than the quoted rates are usually accepted.

Mr. Maloney.—I think that is the ordinary difference between quotations and actual invoices.

Mr. Rahimtoola.—With regard to blankets and rugs your information I think is that if sufficient protection is given for a fixed period, India can be made self-sufficient in those two articles.

Mr. Maloney.—I should say for all ordinary classes of blankets and rugs that would be correct but a lot would depend on the form of protection.

Mr. Rahimtoola.—I mean protection of the kind you have suggested, namely a quota system coupled with increase in the duty.

Mr. Maloney.—I should say that would be of very great help indeed to the woollen industry.

Mr. Rahimtoola.—Because from the figures you have given the imports amounted to about 5 million lbs. in 1933-34 and the production of the Indian mills you give as 5 million lbs. and productive capacity as about 15 million pounds.

Mr. Maloney.—That is the productive capacity but it does not naturally follow that that production would be achieved or aimed at.

Mr. Rahimtoola.—You don't think that even with continual working that production could be achieved?

Mr. Maloney.—It could be achieved. Whether it would pay us to achieve that production is another matter.

Mr. Rahimtoola.—If there is a market for it.

President.—Is not the point rather, if I may interrupt, that you are inclined to talk about a blanket as if it were a block of raw steel whereas there are a large number of varieties of blankets and there must always be a demand for blankets from abroad; some people prefer English, some Polish.

Mr. Maloney.—Yes, and it does not necessarily follow that it pays India to produce every blanket or every article that she requires.

Mr. Rahimtoola.—When I say self-supporting I do not mean that she can supply every buyer. I was referring to the condition of the Fiscal Commission in paragraph 98 which says that if in course of time the whole needs of the country could be supplied by the home production the Board may regard the industry with favourable eye to protection.

Mr. Maloney.—If the industry is to be prosperous it must regulate its production so that the demand is not exceeded.

Mr. Rahimtoola.—We were told that if the sales exceeded the demand they have got mills which can at once turn to something else. But there is a reasonable chance that the bulk of the market for blankets and rugs can be captured by the Indian industry.

Mr. Maloney.—All the market for worsted ordinary counts.

Mr. Batheja.—In reply to a question from the President you suggested another explanation of what the President called over-production by the mills in certain years. You produce certain figures of large imports from France. Are those the years in which these large imports were favoured by the exchange prevailing at that time?

Mr. Maloney.—Whether it was due to any favourable exchange I am not in a position to say. The President's point was that the bad condition of the industry was brought about by over-production in the Indian mills; in reply to that I said that it was due to the increased imports from foreign countries.

Mr. Batheja.—Mr. Maloney, is it the experience of the woollen mill members of your Association that immediately after the war very large army stocks were dumped in this country—not only in this country but probably throughout the world?

Mr. Maloney.—That was a personal observation which I made from my own experience, but I think that can be confirmed by the representatives of the woollen mills.

Mr. Gordhandas.—That is correct.

Mr. McConnell.—Up to comparatively recent years. Probably such stocks were selling up to 1928.

Mr. Batheja.—Were the surplus stocks sold at unremunerative prices in India?

Mr. Gordhandas.—They were sold at much below the cost price.

Mr. McConnell.—They would normally be sold by auction for what they would fetch.

Mr. Batheja.—In reply to a question from the President about this over-production one of the explanations you have given was the increasing production of jails. Have you got any figures of jail production?

Mr. McConnell.—We have no figures but we have definite experience that jails have competed and definitely taken away business from the mills. I suppose this information could be obtained from the Government of India.

Mr. Scott.—We can obtain from the Trade Journal the amount of business placed with the jails.

Mr. Batheja.—You have described the woollen industry as a key industry and in reply to a question from the President you have modified the phrase “key industry” into “national industry.” Is it the policy of the Army Department in India to rely upon these Indian mills at the time of war? I want to know whether that is your experience.

Mr. Scott.—During the war our mills were working night and day exclusively and during the war they must have found it very difficult owing to shipping difficulties to get supplies from outside.

Mr. Addyman.—During the war all the mills were working exclusively day and night to meet Government military requirements.

Mr. Batheja.—I take it that Government does depend upon you to that extent.

Mr. Scott.—Yes.

Mr. Batheja.—Do you get any special concession for that?

Mr. Scott.—None at all.

Mr. Batheja.—We understand that it is the policy of the Stores Department to place their woollen goods orders as far as possible in India and if possible even at a higher price. Would you accept that?

Mr. Staynes.—From what I have seen, I would not be prepared to accept that entirely.

Mr. Scott.—Orders for shirting flannel have been placed in India at a higher rate than they could purchase from England.

Mr. Batheja.—Certain orders of the Stores Department have been placed at a higher rate in India.

Mr. Scott.—Yes very recently. The last order for blue grey flannel were placed with the Cawnpore Woollen Mills at a considerably higher rate.

Mr. Batheja.—Would not that be a recognition of the importance of the industry by Government?

Mr. Scott.—That is the only instance I can think of.

Mr. Batheja.—What is the experience of the Raymond Woollen Mills in this respect?

Mr. McConnell.—We confirm what Mr. Scott has just said.

Mr. Batheja.—*Mr. Gordhandas*, is that your experience?

Mr. Gordhandas.—I don't remember having obtained an order at a higher price.

President.—It is confirmed by the statistics supplied by the Indian Stores Department that the prices paid for these two types of goods are higher on the Indian side.

Mr. Scott.—Yes.

Mr. Batheja.—Do I take it that your complaint against the Government's failure to recognise.

Mr. Scott.—I am not complaining. I consider it is the duty of the Indian Stores Department to buy in the best possible market considering the taxpayer.

Mr. Batheja.—We have some impression from the experts here that Government has not recognised that sufficiently. Is that due to the fact that Government cannot discriminate between mill and mill so far as articles which can be manufactured in India alone are concerned?

Mr. Scott.—I don't think they differentiate. They place the order with the lowest tender provided the quality is suitable.

Mr. Batheja.—Government's duty would be done if they discriminate between indigenous and foreign articles.

Mr. Scott.—Yes.

Mr. Batheja.—*Mr. Maloney*, don't you accept that statement?

Mr. Maloney.—I don't accept that statement at all. That is a partial recognition of the fact that the industry is of national importance, but that is not in our opinion the whole of the Government's duty. They can in peace times only encourage it to the extent mentioned. They can only give whatever business is going on at a reasonable price to the local industry, but that is not to say that other help is not necessary, because in war time they may have to have a very substantial industry in the country to meet their very much greater requirements at that time. What I am trying to make clear is that the Government possibly have done what they can in the way of peace time orders, but they have another duty to perform to ensure that the industry is there whenever they are in need of very much more material.

Mr. Batheja.—But can Government really prevent any mill from tendering a certain class of goods at a price below the cost of production?

Mr. Maloney.—They cannot.

Mr. Batheja.—To that extent Government can't help you if your members are underquoting each other in this fashion.

Mr. Maloney.—To that extent you are right, but taking consideration of their very much larger requirements in the future, they must ensure that the general demand of woollen goods is also met by the Indian industry.

Mr. Batheja.—Coming to paragraphs 6 and 19 which deal with the question of woollen mixtures: The President has already explained to you the difficulty that we feel in doing justice to this question of mixtures. From one point of view mixtures whether they contain cotton or shoddy are not comparable with pure woollen articles and therefore it may be unfair to deprive the consumer of their use by putting them for customs purposes on the same footing as pure woollen articles. From another point of view you say that after all for many practical purposes these mixtures serve the same purposes—I do not endorse your word "exactly"—but sometimes they are produced probably by the same concerns and sometimes they are deliberately produced in order to take advantage of a loophole in the Customs tariff and if they are treated as entirely different articles and are not subject to the same scale of duties as pure woollen articles, the practical effect is that the indigenous manufacture of pure woollen articles is very much handicapped.

Mr. Maloney.—Yes.

Mr. Batheja.—Those are the two difficulties. Is it possible to have a *viâ media* solution, an intermediate solution? That is to say it may be unfair to treat mixtures and shoddy articles on the same footing as pure woollen articles for Customs purposes. At the same time realising that competition is not direct, I want to know whether they should be charged at the same rate or at a different rate. What is your opinion about that?

Mr. Maloney.—I expect there would be a *viâ media* which could be easily arrived at if we had statistics of the actual imports of mixtures in previous years, but it would be very difficult for me to suggest any other *viâ media*. Is it not possible to have quota system adopted in regard to mixtures?

Mr. Batheja.—We shall come to that point later.

Mr. Maloney.—That is the only *viâ media* that suggests itself.

Mr. Batheja.—I am not prepared to discuss that point at this stage.

Mr. Maloney.—The other *viâ media* is to estimate what are the most important classes of mixtures coming into the country or likely to come into the country and grade your tariff according to the values of those articles and the prices at which Indian Woollen Mills could produce them.

Mr. Batheja.—There our difficulty, Mr. Maloney, is, as the President has pointed out, that your Mill Members are not producing those articles. They are not producing mixtures and they are not producing shoddy goods so that it is difficult to get the fair selling prices of those two articles.

Mr. McConnell.—Even if the mills are not producing them, it is possible for them to estimate their cost of production. That ought to be tackled.

Mr. Batheja.—Then it is possible for you to estimate the cost of these mixtures and also for this purpose I want a definition of what we mean by mixture, a cloth containing wool and something else and also of what we mean by a shoddy article, meaning an article containing partly new wool and partly reclaimed wool.

Mr. Maloney.—Then you have the further complication of mixtures of shoddy, new wool, cotton, hemp, flax and silk. I would look at it in a different way. I can only say that it can be done generally. We have no definite information either as to the quantity or type of mixtures. The chief types are cotton and woollen mixtures.

Mr. Batheja.—So far as piecegoods are concerned.

Mr. Maloney.—Yes.

Mr. Batheja.—So far as blankets are concerned the chief mixtures are shoddy and wool also containing some cotton.

Mr. Maloney.—Yes. You can arrive at a rough conclusion on the basis that is set forth in the representation of the Cotton Industry. As a result of the Tariff Board's enquiry which recommended 75 per cent. *ad valorem* duty to protect it without the help of the quota. If the pure woollen industry requires the same duty or the duty that is decided by the Tariff Board, then any combination of these two materials will require an *ad valorem* rate of duty somewhere between the two.

Mr. Batheja.—Still for the administrative purposes of the Customs Department, we don't want to trouble them with these infinite variations.

Mr. Maloney.—You would not have those variations at all if you could adopt the general treatment. If cotton in its pure state required a particular percentage of protection and pure woollen goods required a particular percentage of protection, any combination of those two materials would require a duty which is somewhere between the two and you can apply that particular *ad valorem* rate of duty to all classes of mixtures.

Mr. Batheja.—That means you want new rates for mixtures by taking into consideration the component parts of a mixture.

Mr. Maloney.—Exactly.

Mr. Batheja.—Assess the cotton part at the cotton duty and assess the woollen part at the woollen rate. Is that your idea?

Mr. Maloney.—My idea is that if the cotton trade needs the same protection as the woollen industry and if you are going to protect the woollen industry or the mixture industry by an *ad valorem* rate of duty, the rate of duty would be something between what is necessary for the woollen trade and for the cotton trade.

President.—That does not answer my difficulty which I put to you earlier this morning of ascertaining what is the correct amount of protection required. If we are going to follow the procedure hitherto followed of estimating the amount of protection by comparing the fair selling price with the import price, you cannot apply that to the blanket at all, because you don't need any protection as far as we can ascertain in respect of pure woollen articles. Your need is against mixtures, so that you have got to determine the extent of protection by ascertaining the price of mixtures. We cannot ascertain the protection required for mixtures. In that case how are you going to ascertain what is going to be the duty on shoddy blanket? If you determine the amount of protection by the woollen article, it seems likely that no protection is needed against the pure woollen article.

Mr. McConnell.—There is the revenue duty at present.

President.—For purposes of protection we must ignore that.

Mr. McConnell.—We can only take the experience of the Bangalore Woollen Mills in regard to the manufacture of shoddy blankets.

President.—I would like to go into the question of the cost of production at greater length. I am not satisfied that the cost of production which you have put up to-day are fair estimates. They are based on experiments and they really bear no relation as to what will happen in the future.

Mr. Maloney.—I do not know whether the Bangalore Woollen Mills have anything to say.

Mr. Batheja.—Coming to this problem of mixtures again, I consider that it is rather important for three reasons. One is that these mixtures are cheaper than pure wool articles and having entered the country they come within the new diminished purchasing power of the people of India and therefore the competition from them, on *a priori* grounds, whatever the statistics may say, may be regarded as dangerous or at least as serious. The second reason is that they are taking the place of pure woollen goods because in some cases probably better effects can be produced by having some amount of mixtures. The third reason why this question is important is that they provide a very easy means of evading the duties which are levied by the Customs tariff so far on pure articles. From these considerations, the question is rather important and though I am not speaking on behalf of the Board as a whole, this has worried me a great deal. There are different ways of dealing with the problems of mixtures. If you want to avoid the two extremes—one extreme suggested by the Government of India of treating mixtures as an entirely separate article and therefore not requiring any notice as they told you in their letter and another extreme suggested by you to place them on the same footing as pure woollen articles and taxing them in the same manner; and assuming that a middle course is possible, there are in my opinion about four methods of dealing with the problem of mixtures. The first is the quota method suggested by you. I have not examined that; nor have I understood that, but we shall discuss that later when we come to the quota system. I do not know what your solution under that head is. The second method is also suggested by you: that is, to tax the wool content and the other content of the mixture at their respective rates which may be sanctioned in the Customs tariff and arrive at the aggregate duty on the mixture.

Mr. Maloney.—That is not the actual intention. It may be administratively impossible.

Mr. Batheja.—It is rather a complicated problem, but we are living in complicated times and complicated tariff problems are created by the complex conditions of modern life and personally I am prepared to face certain complications in our Customs tariff due to complex conditions of production

and consumption. I may point out that as compared with the Tariff Schedules of other countries like France, Japan and Germany, our Tariff Schedule is simplicity itself. That has certain administrative advantages. That has helped us in the past, but we are not living in the past. We are living under new conditions and in order to move with the times we may have, in self defence, to make our Tariff Schedule more complicated.

Mr. Maloney.—That is so.

Mr. Batheja.—At least I am not afraid of that difficulty. If a complicated solution is necessary for a complicated problem, I am prepared to face that. I may explain that for working your second method, the problem of administration may be simplified by classifying mixtures into three classes, viz., mixtures containing 25 per cent. pure wool or new wool, mixtures containing 50 per cent. pure wool or new wool and mixtures containing 75 per cent. pure wool or new wool. To some extent, by confining yourself to these three classes, the problem may be simplified. The third method is also suggested by you, and that is to take the fair selling prices of samples of mixtures, manufactured and sold by the Bangalore Woollen Mills, so far as blankets are concerned, or getting more samples of other mixtures manufactured by the local mills, and arrive at their selling prices and compare these fair selling prices with the market prices of the competing stuffs. The President has very naturally, and very rightly, queried this method because production has not been carried on under market conditions. But still if this method were taken in conjunction with other possible methods, it might at least serve as a useful check and I shall personally—I do not know whether my colleagues agree with me or not—I shall personally be glad to have costs arrived at even under experimental conditions. I do admit that these figures may not be authoritative and ultimately may prove to be useless. I grant that possibility but it is quite possible that they may be helpful in a limited way, especially if they are used in conjunction with other methods, and I ask you whether you will be able or your members will be able to supply us with costs.

Mr. McConnell.—We can do so.

Mr. Maloney.—There will be no difficulty with regard to blankets. The Raymond Woollen Mills can supply.

Mr. Batheja.—Can you manufacture some samples under experimental conditions?

Mr. McConnell.—Do you require actual samples?

Mr. Batheja.—Yes, samples containing 25 per cent. pure wool, 50 per cent. pure wool and 75 per cent. pure wool.

Mr. Maloney.—These are subject to innumerable alterations.

Mr. McConnell.—Depending on the structures of cloths.

Mr. Maloney.—They may contain 25 per cent. wool. What about the 75 per cent. which may or may not be cotton?

President.—The important point is whether the cost of production is going to alter with change of material. If your manufacturing costs are going to remain constant, it would be perfectly easy to work out your cost of materials. Is your cost of manufacture going to vary with the constituents of the mixture?

Mr. Maloney.—As regards the 75 per cent. cotton, unless you are mixing that with wool in the fibre, you will have to purchase the whole of your cotton yarn. Suppose you buy the whole warp made of cotton, then you are losing the benefit of producing your warp in your own concern. You will have to buy cotton yarn for your warp.

President.—Let us be clear what we mean by "mixture." We have seen two uses of the term. Mixture as commonly used I believe in the industry is understood to mean more than one fibre in the mixture.

Mr. Scott.—In the mixing of the raw material.

President.—In the trade as commonly used by laymen it may be cotton, worst and woollen warp. Is that also known as a "mixture"?

Mr. McConnell.—It is usually known as a "union".

President.—Is the resulting product known as a "mixture"?

Mr. Maloney.—It would be classified as a mixture in the Customs Schedule.

Mr. Batheja.—Mr. Addyman suggests these four kinds of cloths for the purpose of experimental costs, viz., travelling rug, tweed, blazer cloth and Chester.

Mr. McConnell.—What is Chester?

Mr. Addyman.—It is something approaching Melton but slightly different in finish.

Mr. Batheja.—There will be two sub-divisions: one will be a mixture of cotton and wool and another will be shoddy, i.e., a mixture of new wool and old wool.

Mr. McConnell.—If you want the local mills to manufacture some shoddy materials, it will mean considerable time. The materials are not available in India. They will have to be imported.

Mr. Batheja.—The Bangalore Woollen Mills can give costs for blankets.

Mr. Scott.—Yes. We have got four variations in respect of blankets, samples of which I can send you straightaway.

Mr. Batheja.—What have you actually manufactured?

Mr. Scott.—We have manufactured all of them. These are the details of mixing:—(1) 50 per cent. cotton, 20 per cent. shoddy, 30 per cent. new wool; (2) 50 per cent. cotton, 20 per cent. new wool, 30 per cent. shoddy; (3) 25 per cent. new wool, 50 per cent. shoddy, 25 per cent. cotton; and (4) 75 per cent. shoddy, 25 per cent. new wool.

Mr. Batheja.—We shall be glad to have those figures. In addition to these I should like to have those mixtures which I have indicated, viz., 25 per cent. pure wool or new wool, 50 per cent. pure wool or new wool, 75 per cent. pure wool or new wool.

Mr. Scott.—How do you like the mixing to be made up in respect of the balance?

Mr. Batheja.—In the case of blankets, shoddy or cotton.

Mr. Scott.—You want one set of costs for shoddy and another set for cotton.

Mr. Batheja.—Yes.

Mr. Scott.—I don't think I can make a rug with 25 per cent. wool and 75 per cent. cotton and make it look like a woollen rug.

Mr. Batheja.—If there are any practical or technical difficulties I shall be obliged if you will let me know. If you can suggest different figures I am prepared to consider them.

Mr. Scott.—We have never handled shoddies. It is extremely difficult to work shoddies. It took us many months before we succeeded in spinning a yarn strong enough to weave.

Mr. Batheja.—In any case so far as blankets are concerned, you have made experiments.

Mr. Scott.—I am explaining the position with regard to rugs.

Mr. Maloney.—As regards tweed there should be no difficulty in using the proportions. They can get down very low.

Mr. Batheja.—I want you to get down to something which will enable you to compete successfully with the foreign article. We understand that the general price of the imported tweed is one rupee two annas per lb. I want you to produce something comparable with that quality which comes to India at a market price of Rs. 1-2 per lb. Some of the dealers have told us that that is the price of the quality which sells most readily in the market.

Mr. Maloney.—I think Mr. Gordhandas can do that.

Mr. Batheja.—I am prepared to consider your figures if they are reasonable. I can only speak as a lay man.

Mr. Maloney.—As regards blazer cloth, the Bangalore Woollen Mills can do that.

Mr. McConnell.—We will give you samples of mixture suitings of worsted sorts.

Mr. Addyman.—Generally speaking, a large percentage of tropical serge is worsted. There is a little mixture of cotton yarn to give the desired effect.

Mr. McConnell.—Quite a lot is coming from Japan.

Mr. Batheja.—That is half cotton and half worsted.

Mr. Scott.—What weight of blazer cloth would you like?

Mr. Addyman.—14 ozs. 54".

Mr. Gordhandas.—Shall we make this tweed 75 per cent. wool: 25 per cent. cotton, and 50 per cent. wool: 50 per cent. cotton, and you want us to manufacture that to 16 oz. quality?

Mr. Addyman.—That would be right.

President.—Imported meltons are very largely based on shoddy—about 90 per cent. shoddy?

Mr. Staynes.—Cotton warp and shoddy weft.

Mr. Addyman.—You needn't worry about the melton.

President.—I should like to know exactly what has been decided.

Mr. Maloney.—Mr. Scott will supply samples of cotton and shoddy travelling rugs in the ranges of 75 per cent. wool: 25 per cent. cotton and 50 per cent. wool and 50 per cent. cotton. In tweed Mr. Gordhandas and Mr. McConnell will make arrangement for tweeds in ranges of 75 per cent.: 25 per cent. cotton and 50 per cent. wool: 50 per cent. cotton. Mr. Scott will make blazer cloth, and also the Raymond Woollen Mills.

Mr. Scott.—I don't think 50 : 50 will be suitable, 25 per cent. and 75 per cent. will be better.

President.—I understand that the object of these experiments is to arrive at the costs?

Mr. Maloney.—At a fair selling price for the more popular lines.

President.—Is it the general opinion that these experiments will enable you to work out what the costs will be on a commercial basis?

Mr. McConnell.—I think we can give them without actually making the samples; we can give a reasonably accurate estimate of the costs. That would, I think expedite matters considerably.

President.—Is it necessary to make samples in order to ascertain what the cost would be?

Mr. Maloney.—It is not necessary.

Mr. Batheja.—The only advantage will be that we shall have samples to compare with the imported stuff.

President.—There again it will be unfair to the Indian competitor to ask them to make samples under experimental conditions and compare these with the imported product.

Mr. McConnell.—By seeing the samples you could only roughly judge what can actually be manufactured by the Indian industry.

President.—If the industry is satisfied that it can produce the goods.

Mr. Batheja.—Then I will not insist on samples.

Mr. Scott.—We will send some samples that we have.

Mr. Staynes.—We also have got some samples of mixtures which we will send to you.

Mr. Maloney.—Would you like us to send fair selling price of the samples or the bare cost?

President.—I would rather have the manufacturing cost than the fair selling price because circumstances in the mills vary.

Mr. Batheja.—There is a fourth method. If you can manufacture a rug for Rs. 2 which will compete with an Italian rug worth Rs. 2.8, I take it that represents the market estimate of the difference in qualities between, say, the Bangalore product and the Italian rug, after taking into consideration everything?

Mr. Scott.—I would put it as the difference in marketable value not as difference in quality.

Mr. Batheja.—The market knows what the Bangalore rug is; the market knows that an Italian rug is more attractive, has a better feel, has better finish: the market also knows that the Bangalore rug is more durable and warmer. Knowing this difference the market has put a value of 8 annas over that, in the opinion of Mr. Scott. Suppose we could get such an estimate of the difference on the whole between the qualities of the imported articles and the Indian articles, then we might use this difference for adding to or deducting from the import price or the fair selling price of the indigenous article in order to have a fair comparison between articles which are not exactly similar, which are not exactly comparable but which are separated by this difference which has been estimated in terms of money in the market.

Mr. Maloney.—I agree that that could be done straightaway in regard to our rugs, but I don't see how you are going to estimate the market opinion of the difference required in other products which cannot be manufactured in large quantities. We do not know what the market difference would be, for instance, between tweed manufactured here as against a tweed manufactured in Italy or Poland.

Mr. Batheja.—We examined certain dealers and importers who deal mostly in imported goods but who also understand the competition of Indian goods. They know something about indigenous goods and they understand also the competition between Japanese, French, German or Italian goods. They were able to give us from their long experience some rough idea of the difference in price, say, between a Japanese article and an English article of the same sort; an English article and a French article and so on.

Mr. Maloney.—If that can be obtained I think that would be the easiest method of estimating.

Mr. Batheja.—We can make an allowance for what I may regard as the money estimate of the intrinsic difference which exists between the indigenous article and the imported article, and having made that we might institute what I might regard as roughly a fair comparison. I want to ask you whether this method will appeal to you.

Mr. Maloney.—I am not prepared to say off-hand because it will be extremely rough and ready, but the solution must be rough and ready because you can never get accurate information about the various mixture classes. You can differentiate straightaway between travelling or Italian rug and any other sort of mixtures. That can be done. You can possibly differentiate between, say, blazer cloth and other sorts because it will have a definite proportion of wool and shoddy and a definite finish. But I think you can cover the whole of the ordinary mixtures by one *ad valorem* duty. It will have to have an *ad valorem* duty and you can cover blankets by

Mr. Batheja.—A rough and ready solution may have to be adopted but you will agree that any rough and ready solution of treating mixtures on the same footing as pure woollen articles is too rough and ready.

Mr. Maloney.—I don't agree. We must decide straightaway whether we want a mixture industry in this country or we want a pure woollen industry in this country.

Mr. Batheja.—It does not necessarily follow that we should have to decide that there should be an woollen industry or a mixture industry. We might need both but we might leave that to the natural circumstances: but mixtures

are important in this sense that their coming brings down the prices within the new purchasing power of the masses, whether you like mixtures or not.

Mr. Maloney.—We have nothing to go on. You can't say whether it is the price which has made mixtures profitable or whether mixtures are more popular to-day than they were before. We are still in the dark as to whether mixtures have become popular.

Mr. Batheja.—Would you agree as a whole that one of the secrets of the increasing market for Japanese and Italian woollen goods in the Indian market is that the ordinary agriculturist whose purchasing power has been reduced cannot buy British goods or French goods or even Indian goods. Looking at the realised prices of most mills I don't find that their prices have fallen to the same extent as the prices of agricultural produce.

Mr. Maloney.—I agree that it must have had some effect judging from the cheap price at which Japanese goods are being sold, but I don't agree that the population of this country is necessarily paying less for the cloth that he is actually using to-day than he was 12 months ago. I maintain that these goods from Japan and Italy are very fine but that does not mean that he is spending less money and getting a better article in most cases. He is not necessarily spending less. He is now buying merino whereas perhaps before he was getting certain kinds of coarse tweed.

Mr. Batheja.—That may be true with regard to the higher or middle classes but I am referring to the demand of the ordinary man, the agriculturist.

Mr. Maloney.—I am referring to the demand of the masses. Japanese goods are being sold to the masses but they are not necessarily spending less on, say, their shawl cloth than they were doing before.

Mr. Batheja.—His purchasing power has gone down by 50 per cent.: has he enough money to purchase a superior article?

Mr. Maloney.—The population has also increased greatly in very many places.

Mr. Batheja.—It is a rather well established fact when you see the statistics of the Commercial Intelligence Department which have been supplied from time to time by the Finance Member to the Legislative Assembly that between agricultural prices and prices of imported articles there is a disparity, and after all prices of the indigenous articles are not lower than the prices of the imported articles. If you grant that, it means that what the agriculturist wants to have is a cheaper article which is more within his new purchasing power.

Mr. Maloney.—Does that mean that he is getting a cheaper article?

Mr. Batheja.—He goes in for a superior article which is more durable.

President.—I would like to ask another question. This fact that the purchaser is willing to pay a little more for the Italian rug than for the superior Indian rug, does not that knock the bottom out of your proposal of putting a duty on mixtures in between the cotton duty and the full woollen duty. You are proposing to establish a rough and ready method of putting a duty on mixtures. It would be a little less equitable than a duty on wool. If he is going to prefer mixtures and is willing to pay more for them; how is this method going to benefit you?

Mr. Maloney.—The mixtures that I was talking about do not include Italian rugs from shoddies. I am talking about piecegoods.

President.—I daresay the same argument applies to melton. Possibly he is willing to pay a little more for Italian goods.

Mr. Maloney.—We do not know that he is using none. We suspect that he is.

President.—We were told by the Delhi Piecegoods Merchants Association that he is using them on a very large scale.

Mr. Maloney.—That is our impression too.

President.—It all comes to the same difficulty of fixing a scale of protection based on the price which the purchaser is willing to pay for the shoddy goods:—If it is intrinsically of less value than the other articles, yet he is willing to pay more for it?

Mr. Maloney.—Because he considers it more attractive.

Mr. Batheja.—Mr. Scott, when you made the observation in reply to a question from the President about your inability to sell your rug at Rs. 2 against the competition of the Italian rug at Rs. 2-8, what sort of Italian rug had you in mind?

Mr. Scott.—The lowest rug.

Mr. Batheja.—Victoria?

Mr. Scott.—Victoria single.

Mr. Batheja.—That doesn't contain any portion of new wool.

Mr. Scott.—That is very difficult to say. I do not know how much new wool is in it. I can tell you 50 per cent. cotton or 50 per cent. wool. I cannot say what form the wool takes. It is impossible to say.

Mr. Batheja.—When you say that you can put a rug on the market at Rs. 2, what sort of rug have you in mind?

Mr. Scott.—Lowest grade rug.

Mr. Batheja.—Is it possible for you to estimate the difference which I explained to Mr. Scott in terms of money value?

Mr. McConnell.—Are you speaking of blankets or piecegoods?

Mr. Batheja.—Piecegoods.

Mr. McConnell.—I don't think we can do that in respect of piecegoods. There are such a variety of qualities in piecegoods, but in the case of blankets you have similar qualities which have been coming in for several years to compete against which Bangalore have been manufacturing on the same basis for several years.

Mr. Batheja.—You have samples of imported goods which are competing with your goods.

Mr. McConnell.—We submitted some samples of Japanese worsteds and there we have already submitted our actual making costs in comparison with their landed prices.

Mr. Batheja.—There would be a definite difference of price between pure wool article as manufactured in Yorkshire and a mixture containing 50 per cent. wool and 50 per cent. cotton made in the same place. I take it excepting raw material costs the other costs will remain the same. Even if the other costs do not remain the same, there will not be any marked difference in costs. Supposing the Yorkshire manufacturer were making tropical suitings, 9 oz. 50 per cent. wool and 50 per cent. cotton, what would be the difference in price?

Mr. McConnell.—We have no actual figures. If you are considering suitings now, there will be very few suitings on the market with 50 per cent. cotton.

Mr. Batheja.—If that figure is impracticable, take 75 per cent. wool and 25 per cent. cotton. What would be the difference in price in Yorkshire?

Mr. Taylor.—I have never seen a cloth made in Yorkshire of 75 per cent. wool and 25 per cent. cotton.

Mr. Batheja.—Japan is producing and putting on the market a lot of this kind of mixtures and selling them very cheap. You may say that it is an entirely different article, but it does compete with woollen piecegoods.

Mr. Maloney.—These cheap mixtures are not so expensive as mixtures from the United Kingdom.

Mr. Batheja.—Mixtures are different in nature. In the British mixtures there is a high percentage of wool. In the Japanese mixtures there is a low

percentage of wool. Their competition is potentially more serious. After all these figures about mixture contain a very wide range of wool content.

Mr. Taylor.—Is it not better to work out costings for a similar article?

Mr. Batheja.—I am not comparing the Indian costs with Japanese costs. I am comparing the costs of a pure woollen article and a mixture in the same place, for instance in Yorkshire. What figure would you take if you are not satisfied with 75 per cent. wool and 25 per cent. cotton?

Mr. Taylor.—That is all right.

Mr. Batheja.—You say that it is not made in the United Kingdom.

Mr. Taylor.—I have never seen one, but I have not said that it was not made.

Mr. Batheja.—Can you assist me in this respect, Mr. Scott?

Mr. Scott.—I cannot supply the costings, because we do not make any worsted.

President.—What my colleague is anxious to arrive at is the comparative costs in any one country of a pure wool article and an article made with percentage of mixture. Do any of you know of two articles which serve the same purpose for tropical suitings or any other article which is made in two qualities one a mixture containing a certain amount of cotton and another pure wool? If so, what would be the difference in price between the two?

Mr. Taylor.—Why not take a woollen tweed and a union?

President.—Will the cost of production remain the same?

Mr. Taylor.—Yes.

President.—So that the answer will be in the case of these things the price varies directly with the cost of raw material.

Mr. Taylor.—Yes.

President.—Will it be applicable to tweeds?

Mr. Taylor.—You will get union tweed and woollen tweed.

President.—Will the cost of manufacture be approximately the same?

Mr. Taylor.—It would not depend upon the quality of the woollen tweed, superior or medium tweed. You have to take the same weight of tweed.

President.—Given these circumstances would the price vary merely with the cost of the raw material or are there any other factors which enter into the cost?

Mr. Scott.—I can send you the exact costings. We have made them. For tweed, union tweed, pure wool tweed of the same weight, you want comparative costs.

Mr. Batheja.—Yes.

Mr. Scott.—I can do that. I can send you samples.

Mr. Batheja.—Mr. Scott, can you give me similar information about pure woollen blanket and pure shoddy blanket?

Mr. Scott.—Not in Yorkshire.

Mr. Taylor.—I can certainly give you the price of a shoddy. They are selling at 5s. 6d.

Mr. Batheja.—I want to know the cost of manufacture.

Mr. Taylor.—I couldn't tell you.

Mr. Batheja.—Mr. Maloney, do I understand from your reply to a question of the President, that you agree no Indian wool will be available for worsted purposes?

Mr. Maloney.—I never said that no wool would be available for worsted purposes, though it might be true to say "for the finest varieties of worsted".

Mr. Batheja.—Are you qualifying your statement?

Mr. Maloney.—No. I said Indian wool could be improved to produce low worsted types, but you will not get the quality of the very finest merino yarn from Indian wool. You can increase the proportion of Indian wool suitable for low worsted and possibly medium worsted.

Mr. McConnell.—We have already promised to submit a list of the wools which will be suitable for the use of the worsted side and it would be advisable for any wool control organisation which we might have at a later date to encourage the growth of these wools.

Mr. Batheja.—I shall rest content with that. I shall wait for that information. Do the Mill Representatives accept the statement of Mr. Maloney that the future of the worsted side of the industry is bound up with the possibility of importing superior types of wool and that certain types of superior Indian wool are only suitable for low and medium worsteds?

Mr. McConnell.—We do accept that statement.

Mr. Batheja.—Do I take it that you don't hope to increase the supplies of wool for worsted purposes in the near future by improved sorting and improved grading?

Mr. McConnell.—There is no reason why it should not be increased if the question is tackled properly. The point that has been emphasised is that it will not be possible to extend the supply to the finest sorts and in that we are in agreement with Mr. Maloney.

President.—In general, is it practically true to say that the future of the worsted side of the industry is bound up with the continued importation of superior types of wool; and that you cannot make the best types of worsted goods which you are anxious to make unless you continue to import foreign wool?

Mr. Maloney.—Yes.

President.—I qualified that by saying that it was probably true that the most you could expect from the improvements of Indian wools in general would be that the general average could be brought up to the better quality of Joria and Bikaner and I thought that it would not be justifiable to expect anything better for a great number of years. I thought this was generally accepted.

Mr. Maloney.—Yes.

Mr. Batheja.—To the extent that the worsted side of the industry depends upon imports for the supply of its raw material, do I take it that the claim to protection has been weakened?

Mr. Maloney.—Not in our opinion. It may be according to the original intentions of the Fiscal Commission, but not in the opinion of the industry. I don't think that the industry would agree that it should not receive any protection whatsoever or even less than adequate protection simply because it has to import a large proportion of its raw materials from abroad. On the contrary, I have said that India serves her purpose when she exports her raw wool and takes something in exchange. If we take in exchange for our low grade wool some better type of wool, the industry should not be held to have failed to satisfy the condition of the Fiscal Commission in the matter of supply of raw wool.

Mr. Batheja.—One of the first conditions laid down by the Fiscal Commission is that:

Mr. Maloney.—I know you naturally give the first consideration to industries which can use the raw material produced in the country.

Mr. McConnell.—The construction of the industry is peculiar in India. You have worsted mills working on woollens as well. In other countries, Mills will either work on worsteds or woollens. Take our own case. We would find that if we are entirely pushed out of the market in respect of worsted goods, more than half of our mill would have to be closed down, and it would be very doubtful whether it would pay us to keep open the Mill merely for the woollen section.

Mr. Batheja.—Do you expect in the near future that by organisation, by propaganda or by any other method, you will be able to modify the taste of the markets from finer counts of worsted goods to lower counts in the same way as the Cotton Industry has been able to do in Bengal? You remember you said in reply to the President that the dhotis now worn in Bengal are of lower counts than those of Lancashire and the cotton mill industry has captured that market. To that extent there is a change in the character of the demand. Do you think that it is probable or practicable in the case of the woollen industry?

Mr. Maloney.—I think it is probable the taste of the market would be modified. I don't necessarily say that India would produce greater and greater quantities of low quality goods. Obviously it is a matter of climatic conditions. The conditions in this country demand lighter quality goods.

Mr. Batheja.—That will refer to finer varieties.

Mr. Maloney.—Not necessarily. It will refer to the lighter variety. A lot depends upon texture. You can use a coarse yarn and yet get a light material. We have a light article in dhoti. It wears well, but it has not got the fineness of the article made at home.

Mr. Batheja.—The object of my question is if the industry has not got the necessary raw material in the country, whether the demand cannot be modified to suit the fundamental conditions of protection.

Mr. Maloney.—I think it will be modified but exactly in what direction I am not prepared to say.

Mr. Batheja.—What was the nature of the process by which this demand for dhoti was modified? Was it due to the swadeshi movement?

Mr. Maloney.—I don't think so. They were gradually convinced that they got better wear out of the Indian dhoti, at a lower price.

Mr. Gordhandas.—With regard to the production of wool, it is not reasonable for the manufacturer to express an opinion as to what improvements would take place in the near future. Having regard to the improvements that have already taken place in Mysore State I would not say that suitable wool for worsted types would not be produced. It may be that the very best quality, 70s merino, may not be available. We cannot possibly produce that. At the same time it is very unreasonable to say, and I would not say, that it is not possible to produce suitable wool in India. It will depend upon the improvements. Some improvements have taken place in other countries and I would not take it for granted that suitable qualities of wool for worsted goods could not be produced in India unless and until some fair trial was made. It is found in actual practice that suitable wool for 56s has been produced and there is no reason to suppose at this stage that further improvements cannot be effected. We are in an experimental stage, and we have come to 56s.

Mr. Batheja.—By the use of foreign wool?

Mr. Gordhandas.—No, Mysore.

President.—When you say 56s, you mean 56s tops?

Mr. Gordhandas.—Yes.

President.—What count of yarn do you manufacture?

Mr. McConnell.—At the present moment we could manufacture up to 32s worsted.

President.—That is possibly from the best Indian wool?

Mr. McConnell.—Yes.

Mr. Gordhandas.—When I say 56s I don't mean to say that we have used it.

President.—I understand that.

Mr. McConnell.—Another point is that as far as India is concerned, in finest worsted sorts the demand is not long standing in the way in which the demand for fine Lancashire dhotis had been, so that one can assume

that finer styles could be produced in Indian mills from Indian wools in the course of time should protection be granted. These fine worsted goods have been coming in only for the last three years whereas Lancashire dhotis have been coming for the last 50 years.

Mr. Batheja.—In paragraph 25, you have said that depression in the Indian woollen mill and handloom industry has prevented the appreciation of wool values to the grower. Judging from the trend of production and the statistics supplied by various Mills, the Indian wool grower does not seem to figure in the picture at all. If he does, he does so to a very limited extent. Assuming that the industry is granted protection, how is, this benefit of protection to be passed on to the Indian wool grower?

Mr. Scott.—We hope that when there is a bigger demand for wool, he will benefit. When the finished goods are sold in greater quantities, there will be more demand for wool.

Mr. Batheja.—Your own mill is going in for finer kinds.

Mr. Scott.—That is only as a last resort. We are only expecting some help by doing that in our difficulties. We have not been sitting idle doing nothing. We have been trying to help ourselves, and even to-day the bulk of our production is from South Indian wools. I may say that 80 per cent. of our production is from South Indian wools.

Mr. Batheja.—The Indian wool grower is not in a position to dictate his price. The market arrangements in India for agricultural produce are such that the prices are dictated really more by the buyer than by the seller of agricultural produce.

Mr. Scott.—Not in the case of wool. If Mr. Taylor and myself go in for large quantities of wool, prices would go up against us. We cannot dictate the price of wool.

Mr. Batheja.—I grant that middlemen—small traders and Mahajans—who collect wool might be in a position to dictate the price of wool, but I don't see how any benefit arising from protection is going to be passed on to the agriculturist or the shepherd?

Mr. Scott.—The same thing would apply. There are many middlemen who would compete amongst themselves for the supply of wool from the grower. If there is a big demand for wool, you would find half a dozen middlemen bargaining for his wool.

President.—You said that you did not follow my point about the competition of the Italian blanket. My point is this. If it is true that the customers are paying a little more for the Indian rug than the fair selling price of a similar Indian article, I said that that would knock the bottom out of the protection scheme. My difficulty is this. If what Mr. Scott says is true then the difference between the Italian price and the Indian fair selling price is not the proper measure of protection. If the fair selling price of the Indian article is, say, one rupee and a similar Italian article is bought at, say, Re. 1-4, how are you going to fix the measure of protection?

Mr. Maloney.—That is not the same article.

President.—It is the only comparable article which we have.

Mr. Maloney.—You are comparing a pure woollen article with a shoddy article.

President.—How are you going to apply it? If you are going to measure the need for protection by any scheme of prices, then you must start off with some exactly comparable articles.

Mr. Maloney.—I believe that the Bangalore Woollen Mills have made comparable articles. There is no question of the public paying 8 annas

more for the Italian than for the Indian article when you have two articles strictly on a par.

President.—It is quite impossible to establish a scheme of protection on an isolated experiment which may or may not be continued.

Mr. Scott.—It is not exactly an experiment.

Mr. Maloney.—It was a considerable experiment.

President.—You are not asking for protection for the shoddy article. You are asking for protection for a pure woollen article.

Mr. Maloney.—That is so.

President.—How are you going to establish the measure of protection on your fair selling price of a pure woollen article by comparison with the selling price of an article which is selling in competition and which is getting a bigger price?

Mr. Maloney.—For the measure of protection required for the pure woollen article, you must compare the price of the pure woollen article with the cost of a similar article produced in India.

President.—You may find that you don't want protection on that ground. You are able to establish yourself against the pure woollen article. It is the shoddy article which is destroying you.

Mr. Maloney.—I am not in a position to say that, but I think the Woollen Mills people will disagree with you.

President.—I have gathered the impression that none of you is afraid of the Italian pure woollen rug.

Mr. Scott.—There is no such thing in the market.

President.—Some one has told us that Italy is sending into the country rugs made of new wool.

Mr. McConnell.—If any, I should say the quantity is negligible.

President.—Let us leave that point. Coming to Mr. Maloney's suggestion that you can treat the mixtures in a medium way, a *via media* implies that there is a standard on either side. You must arrive at a standard for the purpose of protecting a genuine article based on the price of imported pure woollen article and your own cost of production. Until you have got that, you cannot have a *via media*.

Mr. Maloney.—You must have comparable articles in other words.

President.—We have not got them. In the case of blankets we have not got it. It puts out of count that method of protecting the industry.

Mr. Maloney.—You will have a very good idea as to what is necessary in the case of protection of rugs specially if it is on an *ad valorem* basis: if you require 75 per cent. protection in worsted suitings produced in an efficient Indian mill and produced under reasonable conditions and in reasonable quantities, I think you would not be very far out in coming to the conclusion that something like that degree of protection would be required if you are producing pure woollen rugs.

President.—I confess I can't quite follow you in establishing a connection between rugs and other articles?

Mr. Maloney.—I am now referring to Indian woollen mills producing woollen and worsted piecegoods. It is I take it quite possible to establish the degree of protection on an *ad valorem* basis. Similarly for goods competing against the same country you would require something like that degree of protection even if you are producing woollen rugs. What I am generally meaning is that we have one degree of protection for the whole range of cotton goods.

President.—I can't think of any other article in which the conditions approximate even to the competition in the blanket trade. It is different

from any other section of the woollen industry except possibly that of shoddy clothes.

Mr. Maloney.—I will leave it to Mr. Scott to say whether he is convinced that his last article produced in the way of shoddy rugs was produced in sufficient quantities to arrive at a fair comparison.

Mr. Scott.—It was.

President.—It does not help us in protecting the pure woollen industry against the shoddy competitor. It is not the intention of the Indian industry to abandon the manufacture of pure woollen articles and take to shoddy goods. If it were the problem would be much simpler. You want protection for the pure woollen article against quite a different article which you say you can produce if you are given a price.

Mr. Scott.—We are manufacturing rugs alongside of Italian rugs; we can give you the cost of rugs manufactured from Indian wool and we know it is good enough. It is a superior rug for the market and we sell it in large quantities. We can tell you what it costs us and from that you can deduce how much import duty would be necessary to enable us to sell this article at a fair selling price.

President.—To raise the price of the Italian rug which comes in competition sufficiently high to enable you to sell your goods? I understand the problem quite well.

Mr. Maloney.—An adequate degree of protection ensures mills continuing the production of pure woollen goods.

President.—It is impossible to measure the difference between your price and the market desire to have the Italian goods. We are up against something intangible. It is the desire of the market and it is quite possible for us to put on a protective duty which would not protect you at all on the methods you suggest.

Mr. Scott.—All these rugs do sell at a price inspite of the Italian competition, inspite of the Italian rugs being on the market.

President.—The problem is to arrive at the figure you suggest of 8 annas, and I doubt if Mr. Maloney's suggestion that we can deal with the problem from above, establish what is the protection needed in a higher grade cloth and apply that to the lower grade of woollen goods would be a correct method.

Mr. Maloney.—I admit that it would not be absolutely correct but there is no absolutely correct method.

President.—There is another little point arising out of this question which worries me. I understand you claim that the consumer will not necessarily be affected because prices will be kept down by internal competition?

Mr. Scott.—We consider that it will be kept at a reasonably low level. Internal competition is enough to keep the prices at a reasonable level.

President.—You don't claim that prices will not rise?

Mr. Scott.—No.

President.—If prices do not rise then the only method by which you can make both ends meet will be by reducing your cost of production.

Mr. Scott.—Yes.

President.—You will therefore have to prove that the growth in your market would reduce your cost of production sufficiently to enable you to sell goods at practically the same prices which are obtainable to-day. And if we are going to regard the consumers' interest as paramount, as some are demanding of us, it would be necessary for you to prove that if you had a reasonable share of the market you would be able to reduce your cost of production to such an extent that the consumer will not suffer. You can't have it both ways.

Mr. McConnell.—I think generally speaking that can be proved. Mills have been working 30 per cent. of their plant for the last few years. Work-

ing the plant 90 per cent. the cost of production should be reduced to such an extent that a fair selling price could be obtained without increasing the cost to the consumer.

President.—I would like now to turn to the discussion of what is going to be the effect of your suggested quota system. I take it you mean from the assertion that "import of a reasonable quantity of foreign goods would safeguard the consumers' interests" that you imply that prices are not likely to rise?

Mr. Maloney.—They will not rise unduly.

Mr. Batheja.—But they will rise?

Mr. Maloney.—The price of the foreign article will rise.

Mr. Batheja.—And the price of the indigenous article?

Mr. Maloney.—Would probably rise slightly, I should imagine temporarily at any rate, possibly not permanently.

President.—What exactly do you mean by "safeguarding consumers' interests"?

Mr. Maloney.—There would not be any undue rise.

President.—Is the effect of the quota likely to differ from any other means of protection?

Mr. Maloney.—It does differ considerably. There is not the same incentive to cut prices under the quota system. Reduction in prices now means a not unlimited but a very much larger market.

President.—That will depend on the extent of the internal competition, won't it?

Mr. Maloney.—It will to some extent.

President.—The effect of the introduction of the quota system does not necessarily mean that the Indian industry will not attempt to capture the market?

Mr. Maloney.—I take it they will and hope they will.

President.—So that the result does not necessarily mean that there will be no competition between the Indian industry and the imports?

Mr. Maloney.—They will be competitors.

President.—And you regard that as a sufficient safeguard for the consumers' interest and the prices being maintained at a reasonably low level?

Mr. Maloney.—I do. I say that has been so far the case in the cotton industry; there has been no increase in costs. The industry has been doing very much better.

President.—One objection to a quota system is that it tends to remove incentive from the indigenous industry. This is not my view but I want your views on the subject. If it is going to remove the incentive from the industry to improve itself the quota system will be a bad system; if there is going to be sufficient incentive for the indigenous industry to go on competing on better terms with the foreign imports, it would be a better system than some people regard it; therefore the extent of the incentive will depend to some extent on the expansion of the market, won't it?

Mr. Maloney.—Exactly.

President.—Any expansion in the demand for woollen goods will, automatically increase the market for the Indian industry?

Mr. Maloney.—Not if we had a quota for five years. I do not envisage quotas fixed for all times.

President.—Your suggestion would be to fix a quota on the last five years importations and at the end of the period to reconsider the whole question?

Mr. Maloney.—Yes.

Mr. Rahimtoola.—You take the average of the prices of five years?

Mr. McConnell.—Protection might be fixed for a period of five years.

Mr. Rahimtoola.—The Indian Woollen Mills and the Raymond Woollen Mills have suggested 12 years.

President.—That would not affect the question of reconsideration of quotas after five years?

Mr. Maloney.—I should certainly say that the question of an experiment like the quota system should be examined within a much shorter period than 12 years.

President.—A danger of the quota system is that it tends to have a direct effect on international trade. It will affect other industries than the industries immediately being protected. If you are going to cut down a country's imports it may affect the exports to that country immediately.

Mr. Maloney.—I am not afraid of that in the case of the woollen industry.

President.—It remains a fact that even under your proposed system of quotas you still consider that the industry will be under the necessity of increasing its output in order to compete?

Mr. Maloney.—Certainly.

President.—That of course raises the point which my colleague just referred to, namely the effect of the demand for a superior type of goods on the consumption of Indian wools. It does seem as if the immediate effect of this demand must be to call more and more for better wool from abroad and to the extent to which improvements in Indian wool cannot keep pace with that demand, the Indian wool will suffer.

Mr. Maloney.—We might discuss the question how this system would affect Japanese and Italian competition. By the institution of quotas in the case of Italian rugs there would be increased consumption of raw material; that would not necessarily be the case in the case of Japanese goods but it would not be true to say that there would not be a greater demand for the better types of Indian wool.

President.—So far as Japanese competition shows signs of being confined to better qualities of wool it looks as if it will increase the demand for superior wool for the Indian industry.

Mr. Maloney.—It would increase the demand not necessarily for the best and the finest types. After all I take it that the Indian mills before they were faced with this severe competition from Japanese merinos were making fabrics from cross-breeds. It supplied the demand and I think there will be some reversion to that demand not necessarily producing exactly the same articles that were produced three or four years ago. We must have learnt something from the types which have recently been coming into the country and there will be some possibility of greater use of the cross-bred types many of which can be produced in India

President.—And which were produced by the mills before the intense competition from Japan started.

Mr. Maloney.—Yes.

President.—That brings us directly to the next important subject for discussion, namely, the effect of these imports of woollen yarns on subsidiary industries. The influx of Japanese merino yarns in the last two or three years has had a tremendous effect in certain parts of India. That coupled with the Sawdeshi movement which did not last very long tended to encourage the handloom industry considerably and in certain parts of the Punjab and the United Provinces it has practically resuscitated the superior types of handloom weaving and has practically started a new industry in hosiery. During our tour in the Punjab we were told in certain weaving villages that the possibility of getting this fine yarn started off what was in effect a dying industry, a manufacture of a very superior type of shawl, ladies' sarees and things of that kind for which they had in the past used superior kind of Kashmir wool. That industry died a natural death and it had nothing to do with Japanese competition. I do not know what the

reason was. That industry has very largely been resuscitated by the possibility of obtaining at cheap rates the fine weaving yarn which Japan has produced. In the same way the whole of the Hosiery industry has had an extraordinary wave of prosperity in the last two years which so far as we can understand is entirely dependent on the possibility of obtaining these Japanese merino yarns. Whereas the Hosiery industry five or ten years ago was content with the yarns which were supplied by the mills in India (and some of them were imported from England, Germany and Poland), they have now acquired the taste for finer merino goods and it is by no means certain if you cut off the supplies of merino, you would not destroy the Hosiery industry.

Mr. Maloney.—I should like to point out that this can hardly be quite a correct statement of the case for this reason that Japanese merino yarns to which you refer have only come in the last 10 months.

President.—Longer than that.

Mr. Maloney.—Japanese imports of merino have not been substantial.

Mr. Addyman.—In 1932.

Mr. Maloney.—I know they commenced then.

President.—I don't want to lay too much stress on Japan. Before Japan came in, Polish yarn came in.

Mr. Maloney.—Cross-bred yarns.

President.—To some extent.

Mr. Addyman.—Prior to 1932 Ludhiana was almost exclusively on cross-bred yarn and they changed over to merino in 1932 and increased to this present state in 1935.

Mr. McConnell.—If it started in 1932, we had a direct share in the initial development.

President.—Of merinos?

Mr. McConnell.—Yes. Subsequent to 1932 our share entirely stopped owing to Japanese competition.

President.—Were you selling merino before 1932 to the Hosiery industry?

Mr. McConnell.—The demand came in 1932 and we satisfied that demand. To-day we are still in a position to supply merino and there is no demand for our yarns.

President.—Is it true that the demand was created by the Japanese merino?

Mr. McConnell.—I should say no.

President.—Why was there a sudden demand?

Mr. McConnell.—It may have been just the desire of some manufacturers to produce better qualities. They presumably desired to produce better qualities and wanted to go in for something finer.

Mr. Addyman.—Is it not true to say that the use of merino yarn was encouraged by the price at which Japanese yarn was selling?

Mr. McConnell.—Only in the last 12 months.

Mr. Addyman.—Japanese started in 1932.

Mr. McConnell.—At that time in very small quantities. We started before them and in large quantities and it was really in 1933 as far as we are concerned the demand fell off on account of cheap importations from Japan

Mr. Addyman.—You were cut out on account of price.

Mr. McConnell.—The original establishment of these qualities was not due to the Japanese quality or Japanese price.

President.—The Customs classifications such as they are show that there were heavy importations of Polish yarn until 1933-34 when they were cut out by Japan. Before 1932-33 Japanese importations were not recorded at all having amounted only to 500 lbs. or so, but in 1932-33 they came to

50,000 lbs. That does not seem to confirm the information which has been given to us by the Hosiery industry. The hosiery industry has possibly mixed up the Polish question with the Japanese question. It is true I am told that most of the hosiery factories were started in the year 1933. Possibly they received the first impetus from the swadeshi movement and they were able to get Polish yarn cheap and at that time apparently they were getting yarns from you too. Then came the Japanese influx in 1933-34 when the supply rose by 500 per cent. Japanese imports have given an enormous filip to the Hosiery industry and, as I say, to some of the villages in the Punjab where they work finer types of weaving. We have been told that the specific duty combined with the cheap yarn has practically revived the industry in some of the villages from death. That is really the issue. I don't want to go into the question where the yarn comes from. To-day the prosperity of the Hosiery industry and certain finer types of weaving do directly depend upon the supply of cheap yarn of superior quality. What is going to be the effect of protecting the Indian mills against the importation of yarn on the Hosiery industry and on the weaver?

Mr. Maloney.—The immediate effect will be that Indian mills will have opened out to them a very large field for their production and that their prices will be comparable with the present Japanese prices within a very short time allowing of course for a rise in the price of the raw material which has taken place since the Japanese began to manufacture merino yarns. I know a heavy scale of protection is supposed to put up prices, but it doesn't work out that way in practice.

President.—It might or it might not. It depends entirely on the extent to which the Indian industry is ready and the statistics you have given us at present do not indicate in my opinion that the Indian mills are ready to go straightaway and supply the demands of these new industries. I want to be satisfied about that.

Mr. Maloney.—I leave that to Mr. Gordhandas and Mr. McConnell to answer. I think they are the two mills concerned in the production of merino yarns.

Mr. Gordhandas and Mr. McConnell.—We are in a position to supply the demands of merino yarn by these industries.

President.—We had complaints about the quality of yarn which has been supplied in the past by the Cawnpore Mills and by you. Both of you deny the imputations made. Cawnpore is not here to answer.

Mr. Staines.—I don't think that the complaint was on the quality of the yarn we supplied. The merino type of yarn now used in bulk is obviously superior to the cross-bred type.

President.—What would be the kind of yarn which you would count as cross-bred?

Mr. McConnell.—If they were comparing our cross-bred yarn with merino yarn, they would naturally say "we are getting a better class of yarn elsewhere".

President.—What would be the highest count spun out of cross-bred yarn?

Mr. McConnell.—28s was the highest we supplied.

Mr. Addyman.—The ground of the complaint in Ludhiana was this that hitherto Indian mills not being able to supply anything more than what the Ludhiana people referred to as coarse quality, made no attempt to meet their requirements in merino quality. The quality which they got was coarse and that they referred to as cross-bred.

Mr. McConnell.—They took the highest count merino spun by us—32s at the time.

Mr. Addyman.—It was not the question of any faults in the yarn which you supplied, but a question of quality.

President.—There was another complaint from the shawl weavers in Jalapur Jutan, namely that the yarn supplied by the Indian mills was

dirty and that was not suitable for the products they were making. They could not sell their product made out of that yarn owing to competition with Japanese goods.

Mr. Addyman.—They were confusing the issue between cross-bred and merino yarn.

Mr. McConnell.—A lot of the Japanese merino yarn might possibly disappear. The Japanese purchased huge quantities of merino wool from Australia in 1933 and built up their yarn trade on those purchases. We are still suffering from the effect of those purchases, but there is always the possibility that it may suit them to go in for cross-breds later on.

President.—It would be necessary to work out when we get all the statistics available to what extent the Indian industry is in a position to supply the total demand.

Mr. Gordhandas.—We have given you figures.

President.—We have yours and we have Raymonds.

Mr. McConnell.—We have given figures assuming that our weaving plant is fully occupied. That of course is an assumption which remains to be worked out, but working on that assumption being correct we can produce working double shift about $\frac{3}{4}$ million lbs. of yarn for sale annually which is as much as the average total annual imports for the last five years.

President.—Weaving, knitting and hosiery?

Mr. McConnell.—That is for weaving yarn only.

President.—Is that based on 20s?

Mr. McConnell.—Yes.

President.—What we have to guard against in any scheme of protection of yarn is the possibility of doing any great harm to the new industry which has been established. Even a considerable rise in price for a year might do a tremendous amount of harm to this nascent industry.

Mr. Gordhandas.—If the spinning section of the industry is not adequately protected, the only course left open to the Indian manufacturer would be to scrap the spinning plant and buy imported yarn.

President.—I should like to have that supported a little more strongly. The mills have to make their own yarn for their finished product.

Mr. Gordhandas.—Yes.

President.—Is it necessary for the Indian industry that they should be able to supply surplus yarn to the subsidiary industries?

Mr. Gordhandas.—Most of the Indian mills can produce yarn in excess of their normal requirements.

President.—Working double shift generally?

Mr. Gordhandas.—Even without working double shift, they can produce excessive yarn.

President.—Even assuming that?

Mr. Gordhandas.—In absence of adequate protection the Indian manufacturer will not be able to compete with the handloom and the people who will be importing cheap Japanese yarn. The only course left open to Indian manufacturer would be to scrap the spinning plant and buy imported yarn.

Mr. Rahimtoola.—The consumers' point of view must also be considered.

Mr. Gordhandas.—So long as the Indian Woollen Industry is in an unsettled condition, these things will continue.

Mr. Rahimtoola.—Can you say how much quantity of yarn can you put on the market over and above your requirements?

Mr. Gordhandas.—Yes. We have given the figures in our reply to your questionnaire.

President.—The point I am interested in now is that you cannot admit foreign yarn at lower prices than you can make it yourself presumably without interfering with your sales of finished goods?

Mr. Gordhandas.—Yes.

President.—The reason being that it would encourage the handloom industry at your expense?

Mr. Gordhandas.—Yes. The only course left open to us would be to scrap the spinning plant and buy yarn. In the event of a war where Japan is on the other side, there will be no supply of woollen garments either for the Army or for the civil population.

Mr. Rahimtoola.—That is how it becomes of national importance.

Mr. Gordhandas.—Yes.

Mr. Maloney.—There is another point in favour of the duty on yarn and that is if you don't protect the Indian industry and make it possible for them to take a portion of this market, eventually the importers having obtained a monopoly of the trade would be able to demand any price they could get.

President.—Does not that assume a unanimity among importers which is unlikely?

Mr. Maloney.—We are concerned in this particular instance with only one country.

President.—There are several other countries waiting to step in.

Mr. Maloney.—I don't think that the Indian industry would require, after a period of years, any particular protection against those countries.

Mr. Rahimtoola.—We have had similar arguments in the cotton enquiry. It is difficult to be convinced, at least as far as I am concerned, even if the duty is not put on yarn, the mills will scrap their spinning plant.

Mr. Gordhandas.—The handloom weaver would import Japanese yarn and manufacture shawls and suitings and we would not be able to sell in competition because the raw material is sold at an abnormally cheap price. We have to shut down the plant and import yarn if we want to compete. Nobody would like to have the spinning plant lying idle indefinitely.

Mr. Rahimtoola.—If you have two mills separately, then spinning can be done at a cheaper cost.

Mr. Gordhandas.—Unless there is adequate protection to the spinning industry, the spinning plant will have to remain idle. What will happen to the spinning plant?

President.—We cannot overlook the fact that the Woollen Industry contains not only mills but a very widespread cottage industry which India cannot afford to neglect or let go. Some people would consider that the cottage industry is even more important than the mill industry. Have you any suggestions to make for a scheme which would at once protect your interests without affecting the interests of the handloom industry?

Mr. Maloney.—If it is found desirable to protect the cottage industry so far as spinning is concerned, would it not be desirable to protect the woollen spinning industry?

President.—It could only be done by a State subsidy just the cotton handloom industry is supported by State subsidy.

Mr. Gordhandas.—The increased revenue derived from the increased import duty on yarn can be utilised as a subsidy to hand-weavers.

President.—If your hopes are fulfilled, there is not going to be any increased revenue from imports from which to pay subsidies.

Mr. Gordhandas.—If the Indian mills are given sufficient opportunity to work their plants fully, with the increased efficiency and with the help of internal competition there is not much fear of prices being raised abnormally.

Mr. Maloney.—Not only that: it must also be taken into consideration that if the mill industry were to import yarn and manufacture hosiery on a large scale, the cottage industry would not survive.

President.—That is probably true.

Mr. McConnell.—Another point is that if the cottage industry has had such a revival in the last two years surely, it ought to be in a position to purchase yarn produced in India, if necessary at a slightly higher price temporarily, until such time as the Indian mill industry can reduce its costs. We can supply the full requirements of that industry.

President.—We have no reason to suppose that two years reasonable prosperity has enabled the handloom industry to accumulate any great reserves to carry on while you are setting your house in order. That would not be quite fair.

Mr. McConnell.—Perhaps not, but by withholding protection from the yarn industry we would be granting them facilities which they would not previously have had, and at the expense of the Indian mills.

President.—That implies a very short period in which the Indian industry should be able to supply the market at a reasonable price. If there is going to be any great period between the levy of a duty on foreign yarn and the complete supply of the market by the Indian industry, there is no means I can see of maintaining the handloom cottage industry without a State subsidy.

Mr. Maloney.—We all know very well that if a sufficiently high duty was contemplated, there would be enormous importations in anticipation of the duty which would carry the handloom industry over the period to which you have referred.

President.—That will only delay the period within which the Indian mill industry will be able to supply the demand.

Mr. Maloney.—It would affect that to some extent, but I don't think that the cottage industry would have to pay any more for its yarn.

President.—Is your calculation of 30 per cent. duty (paragraph 31) based on the cost of making a shoddy rug or on the existing cost of making a competitive rug? I think it is on the cost of making a shoddy rug.

Mr. Scott.—It is.

President.—Are your costings which you have given in paragraphs 34 and 35 based on actual production under commercial conditions?

Mr. Maloney.—Yes.

President.—Or are they experimental costs?

Mr. McConnell.—Actual costs under working conditions.

President.—I shall only ask one more question of general interest. We have heard about the Italian competition in shoddies and Japanese competition in finer qualities of goods. Are we to understand that apart from these two countries the competition you have to contend against is negligible?

Mr. Maloney.—I would not say it is negligible, but it is reasonable.

President.—If it were not for the competition from these two countries, can we take it you would not be making any application for protection?

Mr. Maloney.—Apart from Poland in certain qualities of yarn and perhaps from Germany—we do not know whether it is Germany or Poland—in respect of shawl cloth, there would not be any demand for protection.

President.—The point may arise in connection with the Ottawa Agreement. We have not had any suggestion from anybody that the competition from the United Kingdom is one which is likely to affect the industry.

Mr. Maloney.—The only thing I am doubtful personally is this question of mixtures. The figures of imports of mixtures from Great Britain are somewhat disturbing.

President.—I am not at all convinced that it is not an ordinary matter. My information is that mixtures have always been a very large proportion of piecegoods from the United Kingdom, but if you raise any objection . . .

Mr. Maloney.—We cannot.

President.—There is no indication from anybody that there has been a change over. We have no indication of any change over in the style of goods.

Mr. Batheja.—Do I take it that the blanket industry in India does not want protection against British blankets?

Mr. Maloney.—No.

Mr. Batheja.—You don't anticipate any competition in the future?

Mr. Maloney.—There are no indications which make us feel that we cannot compete.

Mr. Batheja.—Nor do you claim protection against imports from Germany?

Mr. Maloney.—We must all qualify our statement in regard to the British competition. Everybody appears to be assuming that the present rates of revenue duty would apply in any case. If we were asked to meet competition from Great Britain without any duty at all or with a duty lower than the one which is now imposed against Great Britain, then there would be an outcry.

President.—That is a matter which requires further consideration. By the present duty do you mean the normal duty or the duty *plus* surcharge?

Mr. Maloney.—Duty *plus* surcharge.

President.—That would imply there was competition before there was a surcharge, would it not?

Mr. Maloney.—There was reasonable competition. Possibly the Indian mills felt it then. I do not know to what extent the Woollen Mill Industry would subscribe to the agreement similar to that which we entered into in regard to cotton goods. I am not in a position to say that.

Mr. Batheja.—Do I take it that you generally do not want protection against Great Britain subject to this qualification that the present duties should continue?

Mr. Maloney.—That I take it is the general opinion. There may be special exceptions.

Mr. Gordhandas.—We have mentioned in our representation from which countries we are having competition and a reference may kindly be made to that.



नमो भगवते वासुदेवाय

(Continued on the 9th March, 1935.)

President.—Mr. McConnell, you mentioned yesterday that you understand that the Thana Mill was organised to some extent for the manufacture of velvet?

Mr. McConnell.—Practically the whole of the weaving side, that is more than 50 per cent. of the plant, was designed for producing velvet.

Mr. Addyman.—Velvets are not made from worsted?

Mr. McConnell.—It was not intended to make them from worsted at all.

Mr. Addyman.—From the finer quality of Egyptian cotton yarn?

Mr. McConnell.—Velvet is silk of course; but those produced out here would be from cotton.

Mr. Addyman.—The 10,400 worsted spindles and the 2,880 woollen spindles installed at that mill had no relation to the manufacture of velvet?

Mr. McConnell.—No.

Mr. Addyman.—The worsted plant would have nothing to do with it.

Mr. McConnell.—No.

President.—Was velvet ever produced?

Mr. Addyman.—About 5 yards!

Mr. McConnell.—Beyond the experimental stage I do not think it was produced at all.

President.—Mr. Maloney, I have been told that about the year 1927-28 an Association of woollen manufacturers was formed. Do you know anything about it?

Mr. Maloney.—An attempt was made to form an Association and we were approached indirectly. We could not possibly contemplate the idea at that time of putting up a case before the Tariff Board before seeing what the organisation intended to bring about. There was undoubtedly a movement and when we could not take up their case to assist them or refer to the Tariff Board, they formed themselves into a sort of loose organisation, but they were not in a position to meet as often as possible and everything had to be done by correspondence and the case that went up to the Government of India in 1929 was, I think, the only tangible result of this Association.

President.—Was one of the objects of the Association to attempt to fix internal prices with a view to meet the excessive competition that was going on?

Mr. Maloney.—It was a very loose organisation with no specific objects in writing, I think.

President.—Is it a fact that attempts were made by the conference to fix prices which might be observed by the members of the conference?

Mr. Maloney.—I think it might have been one of the ultimate objects.

Mr. Gordhandas.—No attempt was made to fix prices.

Mr. Addyman.—Was not an Association formed with the object of fixing the prices of shawls, etc.?

Mr. Gordhandas.—I beg your pardon that was so.

President.—And the attempt was abandoned?

Mr. Gordhandas.—Yes.

President.—I would like now to revert for a moment to the discussion which we had yesterday about treating mixtures as woollen goods for the purpose of fixing the duty. It seems to me on thinking it over that it would in practice be almost impossible to reduce such a duty once it was put on given the assumption that the Indian mills did not want to make mixtures. If we protect the woollen industry and protect it to the extent of treating mixtures as a pure woollen industry, it might be possible at the end of the period of protection to remove the protective duty on woollen goods, but will it ever be possible to remove the duty on such mixtures because as soon

as you remove the duty you would be put in exactly the same position as at present. Is this so?

Mr. Maloney.—That does not mean that we would never be able to reduce the duty on mixtures. If the policy of protecting the pure woollen industry was successful and the Indian mills obtained a larger proportion of the market for pure woollen goods, it would perhaps be advisable then to see whether they could not expand their trade in mixtures. But until they were using a larger proportion of Indian wool clip, I don't think it would be advisable to permit the importation of mixtures on the easy terms that they are coming to-day.

Mr. McConnell.—Is it correct to assume that the woollen industry does not wish to make mixtures? We have in the joint representation included a paragraph concerning staple fibre and we think it is quite possible that large strides will be made in the near future, certainly within any period for which protection might be granted.

President.—That is a point which I have overlooked for the moment. I think that declaration comes peculiarly from your own mill. The impression I have got from an examination of the evidence is that there is a difficulty in the way of making mixtures because of the importance which the Government of India contracts take in the market to-day. The difficulty is so great that the mills cannot undertake it.

Mr. Maloney.—I don't think it will be correct to say that experiment in mixtures will cease entirely. The policy of the Bangalore Woollen Mills, for instance, is to continue their experiments on production of mixture rugs; that will be kept up.

Mr. Rahimtoola.—In paragraph 45 you say "In the case of mixtures competition with mill products is chiefly of an indirect character as Indian mills have not produced to any considerable extent".

Mr. Maloney.—That relates to finer class of goods where better pattern and accurate dyeing is essential; where you cannot possibly mix cotton or any other material which does not take the same type of dye as the wool.

Mr. Rahimtoola.—I take it that mixtures to be produced on a considerable scale would require some sort of internal reorganisation of the mills?

Mr. Maloney.—That is true.

President.—Let me raise another point. The Indian industry has prided itself on being a pure wool industry and it has rather scorned the competition of mixtures. They have claimed that one reason for protection is that they are a pure woollen body and they therefore consider themselves superior to the mixed foreigners. I don't say that there is that feeling to-day but that is the impression I have got from reading the representations. The Government of India therefore naturally answer that if you are asking for protection for a pure woollen industry you cannot at the same time ask to be protected against another industry which the Government of India hold to be an entirely different thing. The question, therefore, now arises how are you going to define the woollen industry in India? You have hitherto defined it as a pure woollen industry; judging from the tone of the representations which are now being made you no longer wish to be represented as a pure woollen industry.

Mr. Maloney.—It will be always a secondary product. According to the case which the industry has put up, by remaining predominantly a woollen industry they will greatly assist the wool grower and that I take it will continue to be their policy.

Mr. Batheja.—Does it necessarily follow that because you can increase the manufacture of mixtures in the aggregate you might be consuming larger quantities of Indian wool?

Mr. Maloney.—I think the first achievement would be that the mills would obtain practically the whole of the woollen trade in the country. If they obtain that and thus strengthen their position it would be a natural development to go on to mixtures which under certain circumstances could and should be produced.

Mr. Batheja.—Mixtures will require wool, not necessarily foreign wool?

Mr. Maloney.—Certainly not foreign wool. The mixture article as a general rule is of low quality and includes low quality wool and low quality cotton or jute.

Mr. Batheja.—So that the increase in the production of mixtures will result in the demand for Indian wool?

Mr. Maloney.—Yes, but not so rapidly.

Mr. Batheja.—Whether you produce more mixtures or more woollens will depend on the character of the Indian demand and it is possible to argue that the Indian climate being sub-tropical the Indian demand in the future may be more and more for mixed goods, palm beach and so on, which are more suitable.

Mr. Maloney.—If it demands that type of mixtures, those classes of goods will eventually be manufactured in India and I say that development should and would take place after the industry has organised itself for the ordinary qualities of woollen goods.

President.—It is in fact a mistake to regard mixtures as an inferior article. From that point of view when the Government of India pointed out that "one of the results of protecting you against mixtures would be either to give rise to the manufacture of an inferior article in the country or place a burden on the consumer", this you will hold is not quite correct.

Mr. Maloney.—I would say that generally mixtures as a whole are low quality goods but there are certain types of mixtures which are not.

President.—Does not that apply only to the woollen side of the industry?

Mr. Maloney.—In the worsted side of the industry even the mixtures are lower in quality and lower in price.

President.—What do you mean by lower in quality? I would on occasion prefer using a mixture rather than a pure wool cloth.

Mr. Maloney.—It will be very much cheaper than the corresponding article in pure wool.

President.—Is that not an accident, due to the fact that what is put in the mixture happens to be available in larger quantities?

Mr. Maloney.—It has a certain advantage; it has also a certain disadvantage, and it is the taste of the consumer which establishes the popularity or otherwise of any class of goods.

President.—For certain purposes pure wool is desirable; for certain purposes cotton is desirable. There is not necessarily a question of inferiority and superiority between the two.

Mr. Maloney.—There is the question of inferiority and superiority as regards wearing qualities; there is the question of inferiority in appearance. The mixture article has perhaps certain advantages for certain particular types of work which need a cooler article of wear.

Mr. McConnell.—It might perhaps be useful to point out that this term 'inferior' was first used by the Government of India in reply to our representation put up in 1929 which was in connection with Italian rugs and blankets only.

President.—I am aware of that. The reason why I am drawing your attention now is to ascertain whether there is any real foundation for the assertion of inferiority. If I want a woollen blanket to keep me warm I would use a woollen article. But it is sometimes a matter of taste. Where a question of taste comes you cannot lay down any assertion in regard to inferiority.

Mr. Gordhandas.—On the other hand the Government of India, in the specification for goods required by them forbid the use of any other foreign material even in the coarsest qualities. If it is not for the sake of inferiority, it should not be for any other purpose.

President.—It begs the whole question I have raised. The question of inferiority or superiority depends entirely upon the purpose for which it is required.

Mr. Maloney.—I do not think that Government ought to use that argument.

President.—At the same time you ask for it in the manner in which your representation is put up.

Mr. Maloney.—After a very long time the representation was made. It was carelessly drafted, but the Government reply was totally unjustified. It didn't give any consideration to the points raised in the representation.

President.—Perhaps unfortunately we are not sitting in judgment on the Government of India. We are now interested in establishing assertion that the woollen industry of India no longer claims to be a pure wool industry and would be willing to include production of mixtures.

Mr. Maloney.—Eventually, but that is only a natural development. Let us hope that it will produce superior type of articles. If we are going to produce cheap mixture articles, then our Indian mills are going to suffer considerably.

President.—That is for the moment a subordinate question. If we are to answer the argument of the Government of India which has been raised, the answer must follow somewhat on the lines indicated, namely, that the woollen industry does not agree that mixtures of wools constitute an entirely different industry on account of the fact that wools are mixed with other things.

Mr. Maloney.—We can go so far.

President.—That is all I want to say at present. The Government of India have definitely based their reply on the argument used by the industry at that time that it constitutes a different industry and therefore they cannot interfere. The answer to that I take it is that it is not a separate industry; it is part of the woollen industry and must be treated as one for the purpose of protection.

Mr. Maloney.—Yes.

President.—Let us now turn to the question of supply of yarn to subsidiary industries. In the first place I am going to suggest that the history of the last three years shows that there was a very considerable market in the north of India for yarn going begging and it could have been supplied by the Indian industry merely for the asking. Poland and Japan stepped in and captured the entire market. Until about 1932 there was no question of depressing competition. Why was it in 1930-31 no effort appears to have been made by the mill industry for supplying this potential market which was obviously there? There is something lacking in the selling agencies of the industry.

Mr. McConnell.—In our particular case the Raymond Woollen Mills closed down in part of 1930 and 1931 on account of the fact that we could not sell our woollen production. That was just after the application was put up to Government for protection on blankets and rugs when it was decided to close down. Subsequently in order to cope with the demand for the particular yarn referred to, we set up an entirely separate plant by transferring some of the machines suitable for the purpose from Thana to one of the cotton mills under the same agency in Bombay. That plant was working double shift during the whole of 1932 to cope with this demand and at that time competition was coming from Poland. Japan came in after that date.

President.—If I understand the customs statistics rightly, it is Japan which cut out Poland.

Mr. Maloney.—It was not only Poland that was affected.

Mr. Gordhandas.—If you refer to the import statistics, you will find Poland cut off Great Britain and Japan cut off Poland. If you will kindly see the import figures of 1927-28 and 1928-29, you will notice about 5 to 6 lakhs lbs. of yarn were imported from the United Kingdom and Poland came on the scene in 1930-31. Poland cut off United Kingdom first and then Japan came and cut off Poland.

Mr. Maloney.—A study of the import statistics in that year would be insufficient. I think it would be necessary to consider what yarn has been

sold to the handloom industry and to the hosiery industry by the Indian mills during that period for which we haven't got statistics. It is wrong to say that the Indian mills have not attempted to obtain a portion of this market.

President.—I am not prepared to say that no attempt was made, but the facts are there. They have to be explained. There was really not a great market in the north of India for these yarns until the price of imported yarn went down very low. It was then the low price which really encouraged these importations of yarn and did very definitely assist both the weaving industry and the hosiery industry as pointed out yesterday.

Mr. Maloney.—It was perfectly true. Why was the demand there—not simply because there were cheap supplies of yarn? The answer is that you established a new cottage industry about that time.

President.—I say the industry was created by these great supplies of imported yarn. That seems indubitable. The potential demand was there, but it was only when the great supplies of cheap yarn came in that the industry went forward. There has always been demand as far as the weaving side goes. The weavers were there waiting for the new cheap article to go on again.

Mr. Maloney.—So far as the hosiery was concerned, it was encouraged by the swadeshi campaign.

President.—It was started by the swadeshi campaign. Therefore it would have died with the swadeshi campaign had it not been for the fact that very cheap imports came in.

Mr. Maloney.—I do not know whether we can assume that it would have died off if these particular cheap importations from Japan had not come. That is an unfair assumption to make simply because there happen to be a sudden expansion of the Japanese industry and large supplies of yarn were available to our new hosiery industry and also the weaving industry—which are very desirable cottage industries in this country—you could not assume that they would have died out if these particular supplies of yarn had not been there.

President.—There is a complication that the hosiery industry has converted itself into a merino industry. I don't think that particular side of it is essential to the argument, but it is incredible to think that it would have been established to this extent but for these importations of yarn.

Mr. Maloney.—The imports of merino from Japan which we are now discussing have only been coming in during the last 12 months.

Mr. McConnell.—That was encouraged by the enormous Japanese purchases of merino wool from Australia.

Mr. Maloney.—The industry to which you refer was until 1934-35 using cross-bred yarns, not merino.

President.—Until 1932.

Mr. Maloney.—Until 1934-35.

President.—From 1932 onwards we have had supplies of merino yarn gradually getting bigger and bigger.

Mr. McConnell.—Until 1932 the supplies of merino yarn which is an entirely different type from what was previously supplied to this industry in any large quantities were not there.

President.—If Japan had not exported merino, the industry would have had to be content with cross-bred.

Mr. Maloney.—It would not have to be content with cross-bred, because the Indian mills had already begun to make experiments on the production of merino yarn and were supplying the small demand that existed in that particular industry even as far back as 1932.

Mr. McConnell.—The demand was there in 1931 and in 1932 it was increased considerably.

President.—We are dealing with rather intangible issues. It seems possible that the hosiery industry would not have made such progress if it had been restricted to the use of cross-bred yarn. It is the cheap merino quality which has enabled them to turn out very attractive goods. I very much doubt if the

sales of woollen hosiery would have attained their present dimensions if they had to use coarser quality.

Mr. Maloney.—That is a perfectly logical assumption to make, but it doesn't show that the Indian industry would not and will not attempt to supply this merino demand.

President.—My only object in raising this point was that it would seem from the way in which Japan has simply swamped the whole of this market that there may be something lacking in the enterprise of the Indian industry.

Mr. Maloney.—Something lacking in the enterprise of every woollen and worsted industry in this world.

President.—Excepting in Japan.

Mr. Maloney.—Excepting in Japan whether it is purely a matter of enterprise and organisation, time will tell, but undoubtedly they had very decided advantages when they first reorganised their woollen and worsted industry.

Mr. Gordhandas.—At the same time in those particular years as Mr. McConnell stated on account of the depression and continued losses, most of the woollen mills stopped working.

President.—We won't pursue this very much longer, but it is a fact that in general the Indian industry has not organised itself with the idea of manufacturing and putting a large amount of yarn on the market. Otherwise we should not get the complaints which have reached us that they tried to get Indian yarn but they failed. The Raymond Woollen mills have answered that objection so far as they are concerned. It has been definitely told to us that people tried to get Indian yarn during the Swadeshi movement and it has been refused.

Mr. Gordhandas.—We had replied to that question at the time of our evidence.

President.—So far as Bombay mills are concerned, they have denied the allegation, but the information was given very definitely about the northern India mills.

Mr. Maloney.—One thing has been definitely established and that is there is a definite demand for these finer types of yarn and it is the case of Indian industry that it should be given the opportunity of supplying these yarns.

President.—I am raising this view as a detached observer. They may say "Here we have created this market and you are now going to keep us out".

Mr. Maloney.—The only difference we have on that point is the mills themselves were in a position to develop it.

President.—And Japan got in first.

Mr. McConnell.—A point that has not been mentioned is that the hosiery industry is a comparatively new industry. It is quite possible that the hosiery manufacturers in the north of India have achieved a certain advancement in skill in producing finer sorts in recent years and that has naturally resulted in increased demand apart from anything done by Japan in importing finer sorts.

President.—Speaking generally the hosiery industry is a very new industry which didn't start until the beginning of 1933. There were a few isolated machines in various parts of India, but as an organised factory industry I should say it began in 1933.

Mr. Maloney.—We might go further and say that the chief factor was not the supply of the raw material but the protection given to the finished material.

President.—The hosiery industry itself claims that it has got no benefit out of this Re. 1-2 specific duty. I don't accept that entirely, but it is a fact that most of these merino products are so light that it is the 35 per cent. *ad valorem* duty which is generally effective in respect of these articles. Can you make a reasonable guess of the proportion of worsted piecegoods to the total imports of piecegoods?

Mr. McConnell.—I am afraid it will be very much of a guess.

President.—I should like a guess.

Mr. McConnell.—Is that for a particular period?

President.—The question is out of the total imports of piecegoods what proportion could be allocated to the worsted side of the industry and what proportion to the woollen side?

Mr. McConnell.—Do you want it for a particular year?

President.—Say last year. There is no reason to suppose that there has been a change in the proportion in recent years.

Mr. Maloney.—I think it will take some time to work out.

President.—Mr. Addyman makes a guess of 70 per cent. in the case of worsted.

Mr. Maloney.—That I dispute. Has that been reckoned on value or weight?

President.—It is based on weight and not on value.

Mr. Maloney.—It might be used, assuming that a proportion of the piecegoods is woollen. Judged by a large proportion of the mixtures coming from Great Britain to-day—and which have apparently been there the whole time—a proportion of that will be woollen goods. Except in the case of certain new lines in blazer cloth and melton, Japan's imports are all worsted.

President.—France would be very largely worsted?

Mr. Maloney.—Yes.

President.—United Kingdom might be half and half.

Mr. Maloney.—Yes. Germany would be half and half and the Polish trade which is included in the German, as far as I can make out, would be half and half.

President.—Then, it looks as if Mr. Addyman's guess might be correct, perhaps a bit on the high side.

Mr. Maloney.—Yes, it might be correct this year, judged by the large imports of worsted which come from Japan.

President.—You have admitted, I think, in the course of yesterday's examination, that you have no intention of demanding the reservation of the entire Indian market. It would be practical impossibility to give it to you even if you wanted it. There are many types of goods which are not made in India and never will be which are special lines of goods and which will continue to come in.

Mr. Maloney.—I would not say that it would be quite correct. I think the Indian industry will be able to manufacture practically any article that is imported, but I don't think it would be very healthy for the Indian woollen industry to have such a scale of protection as would immediately ensure them the whole of the Indian market.

President.—We need not quarrel about words. Nor need we discuss the advantages of international trade. We all admit that there are special products which are coming from various countries and which are desirable, so that the only conclusion I want to draw is that there will always be importations of woollen goods into India, in order to attain a healthy state of the trade, as you suggest.

Mr. Maloney.—And healthy competition in the industry itself.

President.—Given that agreement, I want to draw your attention to the fact that the estimates of possible production of higher class goods do amount, on the information available, to very nearly the entire Indian market. We have not been able to work out yet what the production of the cottage industry is. Assuming that the great bulk of it is on the woollen side, your estimate of possible production of worsted yarn is 8,000,000 lbs. The imports of weaving, hosiery and knitting yarns come to about 1,700,000 lbs. The hosiery imports are 281,000 lbs. The shawl imports are about 375,000 lbs., on the assumption that you treat the shawl as weighing 18 oz. per yard. Do you accept that?

Mr. Maloney.—Yes.

President.—Piecegoods imports amount to 11,536,000 yards. If you take 70 per cent. of that, which we have agreed to take, for the purpose of argument as worsted and take the average weight of worsted goods as 10 oz. per yard, you get a figure of 5,000,000 lbs. The total imports of worsted piece-

goods are 5,701,500 lbs. We might put your producing capacity from 8 million lbs. of yarn at 5,400,000 lbs. in terms of finished goods.

Mr. Maloney.—Yes.

President.—Assuming that you supply 17 lakhs of lbs. of yarn from your balance of yarn available and deduct 5 per cent. and 7 per cent. wastage, you arrive at a figure of nearly 5,400,000 lbs. The exactness of the figure does not matter very much if you agree that the result is correct on your preliminary estimate.

Mr. Maloney.—In all these questions we consider that consumption figures are very elastic. In the case of the cotton industry, we have always taken the capacity of the country to consume cotton goods at 5 thousand million yards, whereas there is every indication that during the next five years the consumption will not be 5 but 6 thousand million yards.

President.—These figures are calculated on an average count of 20s.

Mr. Maloney.—Yes. Then again, if you calculate on the average count of 20s, your estimate of production is very high. I say that if we are going to supply the demands of the country in worsted goods producing a very much larger quantity of finer goods, it would result in a very much lower production so far as the Indian industry is concerned, the production would be down by half.

Mr. Addyman.—Against that, there is a large portion of the market for knitting yarns?

Mr. McConnell.—That is only about 3½ lakhs of lbs.

Mr. Maloney.—The President's estimate is 10 oz. per yard. The estimate of the Mills' production is based on 20s which would give a very much heavier fabric. If they are going to supply the demand as it is to-day, the Indian Mills production would be very much lower.

President.—What will be the weight per yard of a fabric manufactured out of 20s count?

Mr. McConnell.—Not less than 15 oz.

Mr. Addyman.—How much is your No. 1 shawl?

Mr. Staynes.—11 oz.

Mr. McConnell.—The Japanese serge comes in 7 oz. a yard.

Mr. Maloney.—I think the estimate will have to be revised in the light of the average counts that are used in the imported article to-day. That is the only basis in which comparisons could be made. It is assumed that the average weight is 10 oz. per yard. It only remains to establish here and now what would be the average count of that yarn and then modify the estimate of the production of the Indian Mills on that basis.

President.—It will reduce it by one-third.

Mr. Addyman.—For knitting and hosiery purposes, the average count would be something under 20s.

Mr. McConnell.—Not the whole of 17 lakhs of lbs. The finer counts which the hosiery industry would require would be over 28s.

Mr. Maloney.—You will have to calculate what proportion of your worsted plant is going and then find out what proportion of your production will be taken up in supplying the remaining 70 per cent. piecegoods.

President.—I am afraid there will be too many variable factors.

Mr. Maloney.—There will be but I submit, the production of the Indian mills has been put at a very high figure.

President.—If we reduce it by a third, even so it remains probable that there may be a danger of over-production. That is the point I was trying to prove. Won't there be a necessity for an organisation to control the over-production? I am suggesting that the precipitate growth of the industry has resulted in an excessive amount of machinery and that the total capacity of the machinery is likely to be greater than the demand?

Mr. Maloney.—That of course I am not prepared to admit. At the present moment some of the concerns that were established after the war have gone

out of existence. The consumption of goods in the country has greatly increased and there is every prospect with the development of northern areas that the consumption will be still further increased and we know that the consumption of yarn is going to increase.

President.—It will depend upon the price at which you will put it on the market?

Mr. Maloney.—Yes.

President.—This is a danger which cannot be overlooked. We cannot easily say that consumption shows signs of going up and that there will be no danger of over-production.

Mr. Maloney.—I don't say that there is no danger.

President.—Production has outstripped the progress in demand. I don't say that the demand for Indian goods will not go on increasing steadily. I think it will, but it will depend very greatly on the prices at which the Indian industry will sell their production.

Mr. Maloney.—Exactly.

President.—I have already referred, whilst dealing with another part of your representation, to the statistical error which you repeat in paragraph 42. The enormous increase in imports of "other sorts" has not really taken place.

Mr. Maloney.—No, but we have come to some conclusion and that is there has been an increase in other sorts. I should like to make it very clear that that is definitely the opinion of the Woollen Mills here.

President.—I agree, and I will add that it has been supported by the evidence which we have received from piecegoods dealers. According to them, there has been a definite increase in the imports of shoddy goods and mixtures, but the information is vague and is not supported by statistics. That is the point I wish to bring to your notice.

Mr. Maloney.—Yes.

President.—Regarding paragraph 44, I should like to ask you a question about "working capital" which has always been rather a thorny problem. There is a general opinion among certain people that working capital should always be part of the share capital. The share capital should be sufficient to provide the working capital. The difficulty of applying that as you have done in paragraph 44 is that the interest on working capital would be the same as the interest on block capital.

Mr. Maloney.—That is so.

President.—That to my mind gives an excessive figure. If working capital were always to be borrowed you would not have to pay anything like 8 per cent.

Mr. Taylor.—We are still paying 7 per cent.

President.—I consider it altogether exceptional. 5 per cent. seems to me in to-day's conditions to be the utmost which will normally be allowed on working capital.

Mr. Maloney.—The previous Tariff Board allowed 6 per cent. There may be some fall in the return on capital.

President.—I should be prepared to admit that 5 per cent. is a reasonable amount for a mill to pay. There is no indication that the rate of interest is going to rise in the next few years and I think it would be improper to assume that it is.

Mr. Maloney.—I am prepared to admit that in the present circumstances 5 per cent. would be a reasonable return on borrowed capital.

President.—I am only putting it to you that it would be proper in calculating a fair selling price to assume the rate at not more than 5 per cent. on the working capital. Circumstances of the mills do not really help us in this matter; one mill may pay 3 per cent. in the present circumstances; another mill may pay more in different circumstances.

Mr. Maloney.—The position is rather altered. With mills always under-capitalised it would be advisable to have working capital as part of ordinary share capital.

President.—This is a point of view which I do not understand myself and I should be very glad if you could explain to me why this assertion is made that it is always desirable to increase share capital to cover working expenses.

Mr. Maloney.—Because it takes away from the mill the danger of this borrowed capital being withdrawn at the time when you need it most and that is a difficulty which must be faced. There is a great deal to be said for having more working capital for the Indian industry. If it is borrowed capital you find that it is suddenly withdrawn when you need it. You can't borrow at all without hypothecation of stocks and there are all sorts of difficulties and titled to expect the same rate of profit on the total additional capital?

President.—Would it not be equitable to assume that if the share capital is expanded by the amount of working capital, the shareholders will not be entitled to expect the same rate of profit on the total additional capital?

Mr. Maloney.—I say the shareholders would.

President.—You admit that the 8 per cent. which you have assumed as reasonable profit on ordinary share capital would have to be reduced by the amount which can legitimately be charged to working capital.

Mr. Maloney.—I don't think that any shareholder would consider that 8 per cent. return is more than a reasonable return, it does not matter whether the capital was used for the purchase of machinery and buildings or where it was used.

President.—It seems to me to follow that if you exclude working capital from the block capital (on which you calculate your profit) it would in normal circumstances be possible to borrow your working capital at a rate not exceeding 5 per cent.; if this is true and you still consider 8 per cent. as a reasonable profit on your total share capital including working capital, you must in calculating the fair selling price reduce that rate. Then I come back to the argument that you will only obtain money at 5 per cent. if your industry is comparatively prosperous. If it is not comparatively prosperous you won't get 8 per cent. profit or anything like it on the block value.

Mr. Maloney.—I am not prepared to accept that contention without consulting my Committee on a general proposition of that kind.

Mr. Scott.—There are two points of view with regard to this: one advantage in borrowing your working capital from a bank at a reasonable rate of interest is that you can borrow an amount sufficient from day to day. If it is working capital which is a fixed sum we are in difficulties. On the other hand, if you have working capital as part of your share capital, instead of having to pay the bank 5 per cent. whether you are making any profits or losses you may be able to give your shareholders a little instead of nothing.

President.—I had that at the back of my mind when I suggested that you would not get 8 per cent.

Mr. Maloney.—If working capital can always be borrowed at a reasonable figure then there is nothing objectionable in the present system under which most concerns borrow their money either from their managing agents or from banks.

Mr. Mehta.—If there is a depreciation fund then in the other case that will have to be deposited; in this case it can be utilised as working capital.

President.—You mean by providing for an adequate depreciation fund the mill can build up reserves which can be used?

Mr. Mehta.—Yes, it can be utilised as working capital.

President.—That is to say, instead of having a separate depreciation fund you would invest the savings in your own mill?

Mr. Mehta.—Yes, and the shareholders will have to be given something more than the ordinary rate of interest because there is the reason that they don't always get the same rate of interest; at times you get more, at times you get less. So unless they are assured of a better return there will be no capital coming to the industry.

President.—How does that affect this particular argument of working capital?

Mr. Mehta.—If working capital is to be raised from the shareholders they will have to be assured of a better rate than the ordinary rate of interest.

President.—On the other hand they may sometimes get something which they would not get at all if they borrowed the working capital. As Mr. Scott pointed out if you borrow at 5 per cent. you have always got to pay 5 per cent. every year whether you are making profit or not whereas if it is part of your share capital you may have a small profit, for distribution.

Mr. Mehta.—There will be difficulty in raising working capital from the shareholders.

President.—Is there anything to be gained at the moment by raising the question of sizing flannel, roller cloth and clearer cloth? Some mills make it for themselves?

Mr. Scott.—We are making these for our own consumption.

President.—Are you likely to have any surplus for the market?

Mr. Scott.—They are at present getting a better stuff from the United Kingdom.

President.—Are you interested in the suggestion that the duty should be raised to more than the ordinary normal level?

Mr. Scott.—No. I am speaking as an employee of Messrs. Binny & Co.

Mr. McConnell.—We have not gone beyond the experimental stage and at present we are not in a position to put these articles on the market on a commercial scale but there is no reason why later on this should not be possible.

President.—Assuming that the duties were raised do you think you would want to put it on the market?

Mr. McConnell.—The only article we should consider putting on the market would be clearer cloth.

President.—Mr. Taylor, you are not interested in these; it is only the Indian Woollen Mills that are particularly interested? Will you be producing these on a commercial scale?

Mr. Gordhandas.—Yes.

President.—There only remains then so far as I am concerned this question of staple fibre. Is there anyone interested in this other than the Raymond Woollen Mills? You are the only people interested?

Mr. McConnell.—We are.

Mr. Gordhandas.—We are also interested in this.

Mr. Maloney.—I may say that the cotton industry is very interested in this article indeed. I think it is more than probable that the Indian cotton industry will use far greater amounts of this staple fibre than the woollen mill industry.

President.—We don't know very much at present about it.

Mr. Maloney.—Our cotton mills are learning a lot about this and learning very rapidly. It is being experimented with on a fairly considerable scale in the mills to-day.

President.—The demand is that until this fibre can be manufactured on a considerable scale in India the duty on it should be removed. Is that the application?

Mr. Maloney.—Yes.

President.—At present it is not used in sufficient quantities to make this a matter of financial interest to the mills?

Mr. Maloney.—At the same time it would be necessary to remove the duty on artificial silk yarn. That would affect the proposal as far as the Government of India are concerned.

President.—You mean that if this proposal of yours is accepted it will also be necessary . . .

Mr. Maloney.—Not absolutely necessary but advisable. We asked the last Tariff Board to accept the proposition but I think it was not so much the Tariff Board as the Government of India, as they looked at it from the revenue point of view.

Mr. Batheja.—Did you take into consideration the interest of the raw silk industry?

Mr. Maloney.—Yes. My contention has always been that the silk industry is one which will have to turn over eventually to the use of artificial silk in a greater and greater measure. And it has been definitely proved that we can produce a very hard wearing material from artificial silk and that no matter what protection you give to the silk industry it will find a market in this country.

Mr. Batheja.—I am talking of the raw silk.

Mr. Maloney.—Raw material for the silk industry. I am afraid the silk industry except for luxury goods will have to turn over to artificial silk. The same thing applies to the cotton industry in which artificial silk is going to be a very important factor in the near future.

President.—What exactly is the point at issue in comparing the duty on staple fibre with that on artificial silk. Are they competitive articles?

Mr. Maloney.—They are the same raw material.

President.—One is in the form of fibre and the other in the form of yarn?

Mr. Maloney.—Yes.

President.—Artificial silk yarn is at present not produced in India?

Mr. Maloney.—No. We have not found it possible to produce it economically.

President.—This staple fibre will enable the yarn to be spun in India and it will be practically the same article as imported artificial silk yarn?

Mr. Maloney.—It has not quite the same effect; it has a very much wider use. It can be used as raw material to mix with cotton or with other raw material.

President.—That is to say the fibre will no longer be spun as yarn but will be used for mixing with the raw material?

Mr. McConnell.—It can be used both ways. It can be manufactured into a twisted yarn which artificial silk yarn is not. It goes through exactly the same machines as cotton and practically there is no loss whatsoever. It is a very desirable raw material and produces very wide range of effects.

Mr. Batheja.—It can be mixed with wool?

Mr. McConnell.—Yes, and it can be used with cotton or spun alone. It would be used on the worsted side of the woollen industry.

Mr. Batheja.—What raw material is used?

Mr. Maloney.—They are, I believe, using what we call short staple cotton and eventually India might become a source of supply for the raw material for the staple fibre industry.

President.—In paragraph 49 of your representation you refer to the fact that substantially lower duties than those you suggest would enable the Indian industry to compete satisfactorily with all other countries except Japan in woollen piecegoods. You have given us no estimate of what such lower duties would be.

Mr. Maloney.—The reason for that I take it is this that we are precluded owing to India's agreement with Japan from penalising Japan to a greater extent than other countries.

President.—I understand the reason for that, but I referred yesterday to the Ottawa Agreement. We have not yet been supplied with any detailed figures which would enable us to calculate whether the preference given under the Ottawa Agreement is reasonable or not or whether it should even be extended.

Mr. Maloney.—As regards the competition from Great Britain the mills here generally are of opinion that the present duties are necessary. Whether they could sacrifice anything from those duties, I cannot say, but I think as far as foreign countries are concerned the fact that we cannot penalise Japan more heavily than other countries rules out the necessity of the consideration of the degree of protection required against other countries in most fabrics. Another point is that I was under the impression, rightly or wrongly, that the York-

shire industry was sending out a special representative to give evidence and they would naturally put up a case regarding the extent of protection which is required by the Indian industry and an opportunity we thought will be given to us to examine their case.

President.—Unfortunately although I thought that the Yorkshire industry would send a representative, I have no information when he would be coming.

Mr. Maloney.—Are we also to assume that they are quite happy about the present position?

President.—No. While your examination was going on, I received yesterday from a section of the Yorkshire industry a representation coupled with a statement that a further representation from another section of the Yorkshire industry is about to be sent. That we have not yet received. I only had time to glance through this representation which was received yesterday. I am afraid there is nothing in it which will enable you to come to any other conclusions than you have already come to. There is a complete absence, so far as I can see, of any detailed figures.

Mr. Maloney.—I think their anxiety is chiefly that the duties will not be increased and the industry, as far as I can see, has not made any demand for an increase in the duty over existing duties which are largely revenue against Yorkshire goods.

President.—Are you referring both to the normal revenue duty and the surcharge? The surcharge can be removed at any time. It will be necessary for the Tariff Board to know what should be done.

Mr. Gordhandas.—Cannot the surcharge be converted into protective duty?

President.—Yes if it is found necessary.

Mr. Maloney.—The point is that when Government is in a position to reduce the surcharge, the economic position of the country will be greatly improved. Naturally the Government of India cannot prosper unless the country prospers. If the country is prospering, which means the prices of raw materials have increased and the agriculturists' condition has improved, a lower rate of duty might have the same protective effect as the existing duty. I may say it is very probable that if and when the duties on cotton piecegoods are reduced from 25 to 20 per cent, the protective effect of that 20 per cent. *ad valorem* duty would be just as great as the protective effect of the 25 per cent. duty perhaps not to-day, but what it was when we considered it necessary 12 or 18 months ago.

President.—We shall have to do the best we can with the prices which have been given to us for the British imports.

Mr. Maloney.—That is so.

President.—All the indications are that prices are high at present and they are not likely to affect the Indian industry, but whether after the surcharge is deducted, the price will be reduced and the competition enhanced, I cannot say.

Mr. Rahimtoola.—I think, Mr. Maloney, you have raised a very important point just now and I would like to pursue where the Chairman has left with regard to these differential duties. You know at present that there are differential duties in the woollen industry and preference is given under the Ottawa Agreement.

Mr. Maloney.—Yes.

Mr. Rahimtoola.—I do not quite follow your contention stated in paragraph 40. Do I understand from this agreement which has been drawn up by the Government with the Japanese representatives who were in India that higher duties cannot be imposed on Japanese goods?

Mr. Maloney.—That is so.

Mr. Rahimtoola.—In spite of the fact that there are preferential duties at present.

Mr. Maloney.—England is not treated as a foreign country.

Mr. Rahimtoola.—I am talking of Japan.

Mr. Maloney.—If you impose an *ad valorem* rate of duty against Japan, you must have the same *ad valorem* duty against any other foreign country. That is one of the great disadvantages which was immediately pointed out to the Government of India. They are entitled under that agreement to the same rate of duty as any other foreign country.

Mr. Rahimtoola.—With regard to the duties that you have proposed I think I would like to get a clear idea as to what exactly the proposals of the Mill-owners Association are. I would like to run through the schedule which you have given on page 8, paragraph 18. For purposes of discussion, I have taken an extract from the latest tariff schedule. Your proposal is that raw wool should be allowed to come free as it is at present.

Mr. Maloney.—Yes.

Mr. Rahimtoola.—With regard to worsted yarn, hosiery yarn and knitting yarn the present duty is 30 per cent. and 20 per cent. Your proposal is either to have a quota system with 5 per cent. increase of duty on all foreign countries except United Kingdom.

Mr. Maloney.—That is so.

Mr. Rahimtoola.—In your representation you say that on weaving and hosiery yarns the duty should be 50 per cent.

Mr. Maloney.—That is so.

Mr. Rahimtoola.—That is only for the Japanese yarn.

Mr. Maloney.—No, non-British.

Mr. Rahimtoola.—What about the knitting yarn? I find that as regards knitting yarn, your proposal is 80 per cent. *ad valorem*.

Mr. Maloney.—It will not overprotect the industry even if this duty is put on.

Mr. Rahimtoola.—I find in the knitting yarn you have made a differentiation of two kinds of knitting wools. One is you are proposing approximately 57 per cent. and another 80 per cent.

Mr. McConnell.—They were merely examples.

Mr. Rahimtoola.—Then what is your proposal for knitting yarn?

Mr. McConnell.—A quota system with 5 per cent. increase of duty or 50 per cent. duty for all yarn, namely, knitting yarn, hosiery yarn and weaving yarn.

Mr. Rahimtoola.—What about yarn miscellaneous not otherwise covered which is in 47 (3) of the Schedule?

Mr. McConnell.—With the exception of Belting yarn, all the others should be treated in the same way.

Mr. Rahimtoola.—That means quota system plus an increase of 5 per cent. or 50 per cent. on non-British.

Mr. Maloney.—That is so.

Mr. Rahimtoola.—With regard to yarn miscellaneous, it should be the same.

Mr. Maloney.—Yes.

Mr. Rahimtoola.—The duty on British yarn must remain the same as it is to-day.

Mr. Maloney.—Yes.

Mr. Rahimtoola.—I will come to blankets and rugs. The present duty is 25 per cent. You say in paragraph 31 of the representation that you want a quota system plus an increase of 10 per cent. duty, otherwise 30 per cent.

Mr. Gordhandas.—Foreign or non-British.

Mr. Rahimtoola.—There is no preference on blankets and rugs. That means you want on British 25 per cent. and on non-British 55 per cent.

Mr. Maloney.—Yes.

Mr. Rahimtoola.—I will come to carpets and floor rugs.

Mr. Maloney.—I have got no proposals.

Mr. Rahimtoola.—We come to shawls and other sorts which are put down at 35 per cent. and 25 per cent. You want the same duty you have stated here in paragraph 47?

Mr. Maloney.—Yes.

Mr. Rahimtoola.—That means 80 per cent.

Mr. Maloney.—Yes.

Mr. Rahimtoola.—And the 25 per cent. on British should remain the same.

Mr. Maloney.—Yes.

Mr. Rahimtoola.—Instead of 35 per cent. on non-British, it should be 80 per cent.

Mr. Maloney.—Yes.

Mr. Rahimtoola.—Woolen and worsted piecegoods are classed under one head "Piecegoods", but as they contain more than 90 per cent. wool, the present duty is 35 per cent. or Re. 1-2, on non-British and 25 per cent. on British. Your proposal is that 87½ per cent. *ad valorem* is necessary or a specific duty of Rs. 2-3?

Mr. Maloney.—The proposal there is that a specific duty in the case of foreign piecegoods should be raised to Rs. 2-3 a lb. and that the *ad valorem* duty which corresponds to that is 87½ per cent.

Mr. Rahimtoola.—Instead of 35 per cent. and Re. 1-2, it should be 87½ per cent. and Rs. 2-3 a lb. and the duty on British should remain the same?

Mr. Maloney.—Yes.

Mr. Rahimtoola.—Let us take woollen mixtures. There are three classes of mixtures given in the Tariff Schedule—48 (6), 48 (7) and 48 (8).

Mr. Maloney.—Item 48 (6) is the only wool mixture.

Mr. Rahimtoola.—Items 48 (7) and 48 (8) may be left out?

Mr. Maloney.—Yes.

Mr. Rahimtoola.—There is no specific duty on woollen mixtures?

Mr. Maloney.—No.

Mr. Rahimtoola.—Your proposal is the same as on woollen piecegoods?

Mr. Maloney.—The proposal is 80 per cent.

Mr. Rahimtoola.—And the British duty to remain at 25 per cent.?

Mr. Maloney.—Yes.

Mr. Rahimtoola.—Coming to sizing flannel, roller and clearer cloth at present the duty is 10 per cent. and it is classed under item 72 (3) of the Tariff Schedule.

Mr. Maloney.—Yes.

Mr. Rahimtoola.—What is your proposal with regard to this?

Mr. Gordhandas.—The import duty should be raised to the same level as on woollen piecegoods.

Mr. Rahimtoola.—Is it 80 per cent.?

Mr. Gordhandas.—87½ per cent. or Rs. 2-3 a lb. on non-British and 25 per cent. on British.

Mr. Rahimtoola.—With regard to belting yarn, it is subject to 6½ per cent. *ad valorem* duty under item No. 47 (8).

Mr. Gordhandas.—Yes. The belting yarn is made of pure wool and should be treated on the same footing as hosiery yarn.

Mr. Rahimtoola.—That is to say, you want the duty of 6½ per cent. to be raised to 50 per cent. on non-British and 20 per cent. on British?

Mr. Gordhandas.—Yes.

Mr. Rahimtoola.—With regard to staple fibre, which is the last of your proposals, at present the duty is 25 per cent.

Mr. Maloney.—Yes.

Mr. Rahimtoola.—Is it your proposal that there should be a duty of half an anna per lb. instead of 25 per cent.?

Mr. Maloney.—Our proposal is that there should be no duty.

Mr. Rahimtoola.—You say "It is contended that unless and until staple fibre is produced in India, an import duty higher than that on raw cotton is unnecessary and inadvisable". The duty on raw cotton is half an anna per lb.

Mr. Maloney.—That is only quoted as an example to illustrate the unfairness of putting a duty on the raw material. They are not satisfied with the duty on raw cotton by any means and consider that there should be no duty on raw materials.

Mr. Rahimtoola.—Do you suggest that the staple fibre should be allowed come in duty free?

Mr. Maloney.—Yes.

Mr. Rahimtoola.—What is the amount of imports coming in at present?

Mr. Maloney.—It is only a new material and therefore the imports are very small at present, but we expect a very rapid increase in the future.

Mr. Rahimtoola.—What is the price?

Mr. Maloney.—I could not quote it off-hand, but I believe it is something like 12 to 14 annas per lb. c.i.f.

Mr. Rahimtoola.—Is it classified separately in the Tariff Schedule?

Mr. Maloney.—The duty is being levied on the same lines as on artificial silk.

Mr. Rahimtoola.—Is it included under artificial silk?

Mr. Maloney.—No, but the same duty is charged.

Mr. Rahimtoola.—It is not classed separately, is it?

Mr. Maloney.—No. The figures of imports at the present stage would not create any very great impression on the Board because they are small. It is an entirely new material but we do anticipate being able to use it in very large quantities.

Mr. Rahimtoola.—The Board has to look at the question from the point of view of Government revenues as well.

Mr. McConnell.—Government had no revenue under this head until a few months ago.

Mr. Rahimtoola.—Now that they are getting this revenue, we will have to consider it.

Mr. McConnell.—The revenue will stop altogether if the duty is continued.

Mr. Rahimtoola.—In spite of the existing 25 per cent. duty, it is being used in increased quantities. Do you want the duty of 25 per cent. to be reduced to half an anna per lb.?

Mr. Maloney.—There should be no duty.

Mr. Rahimtoola.—This material is being used to produce some special effect and therefore it can easily be used.

Mr. McConnell.—Yes, under certain conditions.

Mr. Scott.—Without the duty.

Mr. Rahimtoola.—You say in paragraph 44 "The addition to be made to the bare cost of manufacture in order to obtain the fair selling price has been based on the approximate cost to-day of a mill containing 10,000 worsted spindles, 200 worsted looms and the necessary dyeing, bleaching and finishing plants". Is it an economic mill that you are thinking of?

Mr. Maloney.—Yes.

Mr. Rahimtoola.—Is it supposed to be an economic unit for worsted piecegoods?

Mr. Maloney.—Yes.

Mr. Rahimtoola.—On that basis you have worked out your costs and arrived at these figures?

Mr. Maloney.—Yes.

Mr. Rahimtoola.—With regard to working capital, I want to know what is the general practice in the cotton industry?

Mr. Maloney.—The general practice in every industry is to borrow working capital.

Mr. Rahimtoola.—The interest which the Board allows is 6 per cent. on working capital and 8 per cent. on block capital.

Mr. Maloney.—That was what was estimated in the case of the Cotton Industry.

Mr. Rahimtoola.—With regard to the statement which was just read out to you, is the statement correct that there are altogether 51,774 worsted spindles in India?

Mr. Maloney.—I am not in a position to say. Your source of information is better than ours.

President.—We shall be able to check these figures later on.

Mr. Rahimtoola.—You say in paragraph 32 that "the output of worsted yarn by Indian Mills, if all the worsted spindles were employed in the production of that type of yarn, would be approximately 8 million lbs."

Mr. Maloney.—We could work only on such information as we have. Whether it is absolutely correct or not I am not prepared to say.

Mr. Batheja.—Coming back to this question of duties on goods from the United Kingdom, you are aware that at present we have got only revenue duties and so far as revenue duties are concerned, the Government of India's action is governed by the Ottawa Agreement.

Mr. Maloney.—Not the whole of the revenue duties.

Mr. Batheja.—So far as preference given to the British industry is concerned, it is governed by the Ottawa Agreement?

Mr. Maloney.—To a large extent.

Mr. Batheja.—It is definitely laid down in the Ottawa Agreement—I am not talking of the revenue duties as a whole—I am talking of the differential duties.

Mr. Maloney.—Yes.

Mr. Batheja.—You are aware that this new Indo-British Agreement has been concluded. If the Woollen Industry comes to be protected, then action, so far as United Kingdom goods are concerned, will have to be governed by that.

Mr. Maloney.—Exactly.

Mr. Batheja.—I am not seeking to put before you the interpretation either of the Government of India or of the Tariff Board or even my own interpretation on that agreement because we have not studied that question in very great detail, but in the opinion of the "Economist" it is said that this Agreement refers to those goods which come within the Indian protective scheme. It is also part of that agreement that the duties on British goods shall not be higher than is necessary to equate the prices of imports of the United Kingdom with the fair selling prices of goods produced in India.

Mr. Maloney.—That is so, but we have always got the overriding consideration of the revenue requirements of the country. There is a set of conditions which one can visualize in which the revenue requirements of the country would give a greater protective duty than is actually necessary to equate prices.

Mr. Batheja.—I think it is best for the purpose of discussing the protective scheme if you don't take into consideration the revenue duties.

Mr. Maloney.—We must take into consideration the revenue duties as well.

Mr. Batheja.—I shall explain my meaning. The duties which have been imposed are for revenue purposes. They may be altered at any time in accordance with the revenue requirements of the Government of India. They may be raised, they may be lowered or they may be abolished should the revenue requirements of the Government of India require such a course?

Mr. Maloney.—Yes.

Mr. Batheja.—Naturally we cannot take such varying factors in devising a protective scheme which may last for a number of years. Therefore it is best if the revenue duties are not taken into consideration for the time being for the purpose of this discussion because they are liable to vary.

Mr. Maloney.—Yes.

Mr. Batheja.—As a matter of fact you know that in certain high quarters which I need not specify the revenue duties of the Government of India are considered to be too high and are regarded as acting as restraints on international trade.

Mr. Maloney.—Yes.

Mr. Batheja.—It is possible, I don't say it is probable, that the revenue duties may be decreased.

Mr. Maloney.—That is so.

Mr. Batheja.—In that case, it is best to enquire whether the woollen industry will require protection not only against Japan but against British goods.

Mr. Maloney.—I should quite agree if there was any immediate danger of the revenue duties being removed entirely or substantially reduced, but I don't think as a practical man, within the next few years there is any prospect of the revenue requirements of the Government of India becoming so small that they will be in a position to reduce the general level of duties to any great extent.

Mr. Batheja.—That is a big assumption. An economist might argue that you would even get a larger total increase in revenue by decreasing the rate of duty.

Mr. Maloney.—That is so.

Mr. Batheja.—That is why I don't want to take this assumption for granted.

Mr. Maloney.—On balance it would be correct to assume that the Woollen Mill Industry of the country does not fear any substantial reduction in the import duties against British goods in the near future.

Mr. Batheja.—If the revenue duties are converted into protective duties, as I have explained, the industry will at once come under the scope of the new agreement and as I have said the duties on British goods will not be higher than is necessary to equate the prices of imports of United Kingdom industries to the fair selling prices of goods produced in India.

Mr. Maloney.—The industry will never ask for anything more than that.

Mr. Batheja.—I am talking of possibilities. That is why I am putting to you that it is quite possible that this part of the agreement will apply to the Woollen Industry.

Mr. Maloney.—Exactly.

Mr. Batheja.—It is also quite possible that the scale of protective duties which may be required against British goods may be lower than the revenue duties which you want to retain against British goods.

Mr. Maloney.—That is quite possible.

Mr. Batheja.—If that is possible and protective duties required against British goods may be lower than those provided in the existing Tariff Schedule, in that case it is rather important for the Board to consider this question also and get the same materials which you have supplied for the purpose of determining the measure of protection against Japanese or Italian goods.

Mr. Maloney.—I quite agree that it would be better to have all the information, and I think it would be necessary, if there was any real fear that there would be a substantial drop in the duties in the near future because of this new agreement or any other reason, that the Indian Woollen Mill Industry would have to put up a case for the degree of protection required against British goods.

Mr. Rahimtoola.—My colleague's point is that this 20 per cent. duty on British goods will have to be converted into a protective duty.

Mr. Maloney.—Exactly.

Mr. Rahimtoola.—Therefore he says in order that this duty may be put as a protective duty, it is necessary for the Millowners Association to establish their case.

Mr. Maloney.—Yes, it will be necessary for the Mills to do so.

Mr. Batheja.—The moment these duties are converted into protective duties, we should have to determine with the same care and attention to details as we shall have to do when we fix the duties against goods coming from other countries.

Mr. Maloney.—On the other hand, there is a method by which this can be avoided, by retaining the duties as revenue duties in which case they are not affected by the new agreement.

Mr. Batheja.—As a Tariff Board we have no power to fix or recommend any scale of revenue duties. Then the alternative is either for the industry to put up a case for protection against British goods or for the Tariff Board to state that the industry has not put up any case in regard to the duties required and the Tariff Board can only come to one conclusion, that the industry does not want protection against British goods and eliminate them from consideration.

Mr. Maloney.—You can only come to the conclusion, if they have not a fit case to put up, that they are satisfied with the revenue duty.

Mr. Batheja.—If you ask us to regard that as a protective duty you have to satisfy us to enable us to justify that protection is necessary.

Mr. Maloney.—The minimum revenue duty is 15 per cent.

Mr. Batheja.—In reply to a previous question of mine you said that it is difficult to supply this information as to British goods. If you could supply this information about Japanese and Italian goods I personally do not see any difficulty in supplying the information about British goods also. If you do not supply that information I shall take it that the mills' case is incomplete.

Mr. Maloney.—If that is to be the case I should like the mills to be given an opportunity to supply this information if it is absolutely essential to have it to determine the revenue duties and protective duties.

Mr. Batheja.—In this respect I am not speaking on behalf of the Board but as a member of the Board I should like to have this information.

Mr. Maloney.—I think Mr. McConnell and Mr. Gordhandas might make it their business to supply samples and prices of directly competitive goods.

Mr. McConnell.—We will see what can be done. Do you envisage a time when the 15 per cent. revenue duty could be taken away altogether?

Mr. Batheja.—I have already explained the position. The moment the revenue duty becomes a protective duty it requires as much justification as anything else.

Mr. McConnell.—That is quite true. I was not envisaging protective duties at all; I thought it was quite possible for the Board to consider these duties as revenue duties.

Mr. Batheja.—Is it in the interests of the industry to leave it unprotected in this fashion so that the revenue duties may be modified?

Mr. Maloney.—It depends upon the demand made by the industry itself. If the industry is not feeling this competition it will naturally concentrate

its efforts in putting forward a case on the competition they have to meet. But I quite see that if these duties have to be turned into protective duties it must supply information regarding the direct competition from British goods.

Mr. Batheja.—If you agree, Mr. Maloney, I should like to have this information supplied so that this lacunae might be filled up.

Mr. Maloney.—The difficulty is this: we expected the importers themselves to put forward a case to which we should have to reply: it was logical to suppose that they would. If they have not done so I think the mills which are directly concerned might be asked to supply definite information regarding the protective needs against Great Britain.

President.—Have you not been supplied with copies of documents which we have received in opposition to the case for protection? I suggest that you enquire of the Tariff Board office and ask for copies of important documents which have come in. We have had some protests from Chambers of Commerce, Calcutta particularly.

Mr. Maloney.—No detailed case has been put forward regarding the protective requirements against Great Britain and I think it is important that the mills should be given an opportunity to put forward that case.

Mr. Batheja.—How much time will you require?

Mr. Maloney.—It will depend upon the mills themselves. I cannot help you very much in the way of collecting samples of competitive articles.

Mr. McConnell.—It will be possible to supply this before the end of this month.

Mr. Batheja.—We require figures of prices of competing British goods and the margin of duty which is required to determine the measure of protection against British goods.

President.—I presume the British industry has had copies of your representations which make hardly any reference to British competition at all, and I think they would be justified in assuming that no case was made out. I have just had an application from the Bradford Chamber of Commerce asking if they may be allowed to send their representative to give oral evidence but as he cannot arrive till the middle or end of April it is quite impracticable for us to postpone the enquiry till then.

Mr. Batheja.—The British industry may argue before the Tariff Board that if these duties are to be converted into protective duties, they must be very much lower?

Mr. Maloney.—It is possible but they don't appear to have done so.

Mr. Batheja.—I am only mentioning the possibility. If you want to put forward your case completely you can do so.

Mr. Maloney.—I think it would be advisable for the mills to do what they can to establish the degree of protection required on a few of the special lines which are imported from Great Britain. That should not take very long.

Mr. Batheja.—In reply to a question from the President, Mr. Maloney, you said that the demand for woollen goods from the mills has increased.

Mr. Maloney.—I do say that.

Mr. Batheja.—I agree that this suggestion of yours is borne out by the statistical information which we have collected so far and the information which we have collected from importers. But is it possible to explain away at least part of this increased demand in this way. There is a field in the textile industry and by textile industry I include the silk industry, the cotton industry and the wool industry where there are certain articles which may be interchanged from one class to another depending upon the prices of those articles and depending upon the purchasing power of the consumer. That means that a man may be satisfied with a cotton *vazai* but he may change over to a woollen blanket or a man may be wearing

thin muslin and change over to artificial silk and so on; there is a field over which substitution is constantly taking place as a result of change in price and as a result of change in the means of the purchaser.

Mr. Maloney.—It depends on the technical advances that are being made also. It is not only a question of price; but development of new fabrics and so on.

Mr. Batheja.—So that the three branches of the textile industry have got a common ground where there might be some amount of inter-competition.

Mr. Maloney. The common field is very limited and it would be very difficult to define what the field was.

Mr. Batheja.—The field is there and the introduction of mixtures containing partly wool and partly artificial silk, or partly wool and partly cotton has widened it.

Mr. Maloney.—I don't know. I am not prepared to say that the field in regard to woollen mixtures has widened, but artificial silk has made a definite technical advance and the field of substitution has widened in the case of artificial silk and cotton. But I am not prepared to say that the field had widened between woollens and cottons.

Mr. Batheja.—Is it possible to explain the increase in the demand for woollen goods this way: that in recent years the silk industry has been protected, the cotton industry has been protected and the woollen industry has not been protected and therefore the demand over the combined field has switched on from silk and cotton to wool?

Mr. Maloney.—The effect of protection of cotton and silk has very little influence on the demand for woollens. I think the demand for woollen goods in India is the result of growing taste for European dress and development of agricultural area in the colder provinces and recently a considerably increase in the purchasing power of the people. We have had the same experience in cotton goods. There has been a decided increase in the demand for cotton goods over the last 12 or 15 months.

Mr. Batheja.—Is it possible to argue that this increase in the demand for mill goods has been obtained at the expense of handloom goods?

Mr. Maloney.—No, because the demand for handloom goods has also expanded. Production from machines is infinitely greater than hand spinning in the case of cotton. That cannot be said of woollen. Will you not agree that the prosperity of the two are interrelated and that the prosperity of the one occurs at the same time as the prosperity of the other? That is definitely a fact as far as the mill industry is concerned.

Mr. Batheja.—In certain fields the two are competitors.

Mr. Maloney.—There must always be a certain amount of competition, but that is very healthy. I understand you are opposed to any duty on raw wool?

Mr. Batheja.—Are you opposed to the raising any duty on tops also?

Mr. Maloney.—Yes.

Mr. Batheja.—They have undergone a process of manufacture.

Mr. Maloney.—Certainly. Even then I should say that it would be an unfortunate tax of what is essentially a raw material. I think the raw wool clip of the country can be improved both as regards quantity and quality by other means and not by direct tax on the woollen mill industry.

Mr. Batheja.—What about the sheep grower? Before any improvement can take place in the quality of the wool, a market must be assured for the wool growing industry.

Mr. Maloney.—Not in this particular case. I think they have always had a fairly substantial market, but they have never been educated to the possibility of improving the type of wool that they can grow.

Mr. Batheja.—Mr. Scott said the other day that the return obtained by a sheep grower on his wool per sheep is half an anna per year.

Mr. Scott.—That may be in one particular case for a particular article.

Mr. Batheja.—The return obtained by a sheep grower for his wool is only half an anna per year. Do you think that a sheep grower could effect improvements on that basis.

Mr. Maloney.—I never suggested that he could. I said that his prosperity is definitely bound up with the prosperity of the woollen mill industry and his prosperity will be greatly improved if the prospects of the Indian Woollen Mill industry are improved. As to the work that could be done and should be done to improve raw wool, I think, that is definitely the function of Government and not the function of the woollen mill industry.

Mr. Batheja.—Is it not a fact that your industry has developed more and more in the direction of finer counts of worsted spinning and consequently you are finding less and less demand for Indian wool?

Mr. Maloney.—That is perhaps a case of *force majeure*. I don't say it is entirely a case of *force majeure*. I don't think there is anything wrong in that development. It is desired, but I do say that the industry can use a greatly increased quantity of Indian wool of the present types and if they are in a position to do this, the prosperity of the wool grower will be automatically improved.

Mr. Batheja.—Just at present the raw material of the sister textile industries like silk and cotton is taxed.

Mr. Maloney.—I don't think so. I don't agree that they should have been taxed. I never will agree that the Cotton Mill industry should have been taxed with an imposition of half an anna duty on its raw material. I don't think that it has done any good to the cotton grower. The good that has been done to the cotton grower is not due to the effect of the duty, but to the efforts of the Central Cotton Committee who have done a lot to improve the quality of the cotton. The benefit derived out of the duty is purely revenue.

Mr. Batheja.—You are against giving shelter to the raw wool industry?

Mr. Scott.—It should not be at the expense of the woollen industry.

Mr. Maloney.—I am not against protecting the wool grower by any means, but I am, as Mr. Scott says, opposed to protecting it at the expense of a woollen industry which is a very very poor industry indeed. Even if it was prosperous, I would say it would not be correct to tax the industry for the benefit of the wool grower.

Mr. Batheja.—Do you oppose this temporary protection even if you are compensated in the shape of higher protective duty?

Mr. Maloney.—I am. As I pointed out to the President, it is a definite tax that must be paid, but the return that the mill will get from a higher protective duty is never achieved. The return in regard to prices is theoretically possible, but never achieved in practice. For example we have never achieved a pie a lb. more for cotton goods in spite of the fact that the duty was raised to 75 per cent. at one time.

Mr. Batheja.—It may be that protection is such that it enables the industry to cover the cost of additional cotton duty, but I am not prepared to argue that.

Mr. Maloney.—My whole point is this that you are by putting a duty on wool, taking a definite amount of money from the woollen industry and in return you are giving something which may mean something or may mean nothing.

Mr. Batheja.—Supposing a definite rate of duty on raw wool is taken into consideration in arriving at the fair selling price, what is your objection?

Mr. Maloney.—The fair selling price which is theoretically calculated is never achieved in practice. I think the people on this side of the table are convinced that if you levied a duty of half an anna or an anna per lb. and even if it was added to the protection, they could never be sure that they would ever get it for their finished products.

Mr. McConnell.—The chances are that it would not be possible.

Mr. Batheja.—Is not yarn a raw material of the hosiery industry and a small scale cottage industry in the United Provinces?

Mr. McConnell.—It is to a certain extent. It can be classed in a way as its raw material.

Mr. Batheja.—Why is it not a raw material?

Mr. McConnell.—Because it has undergone certain manufacturing processes.

Mr. Batheja.—In respect of these sections of the industry it is a raw material, because they use it.

Mr. McConnell.—That is the case. It is their raw material, but they are only conducting one small further process of manufacture which could be conducted equally well by any large scale industry.

Mr. Batheja.—How do you propose to compensate these hosiery and small scale manufacturers in the Punjab and the United Provinces? You are demanding protection for yarn.

Mr. Maloney.—Yes, they will be compensated in the way the mill industry is being compensated by an adequate protective duty on their finished product.

Mr. Batheja.—Supposing this increased price of yarn for the hosiery industry and the cottage industry of the Punjab and the United Provinces is taken into consideration in arriving at their fair selling price, you will say that fair selling price will not be obtained in practice?

Mr. Maloney.—That is so. It is doubtful whether they will obtain it. On the other hand if you don't put a duty on yarn, the Indian industry may turn over to the use of foreign yarn and drive out the handloom industry, the hosiery industry and the cottage industry. There would be direct competition in that case. What is to prevent the mill putting up 20 or 30 hosiery machines and conducting their operations on a factory scale and driving out the cottage industry.

Mr. Batheja.—Nothing has prevented the mill industry so far and I do not know why the mill industry has not done that.

Mr. McConnell.—We have already considered that very seriously.

President.—You have taken over a year. The difficulty is that if you regard yarn as the raw material of the new hosiery industry since it is imported, in order to help the hosiery industry in terms of the conditions laid down by the Fiscal Commission, you have got to treat the hosiery industry as an industry of national importance.

Mr. Maloney.—I admit the difficulties of arriving at a fair conclusion in regard to yarn. That has always been a problem to me and more than that I cannot say.

Mr. Mehta.—It is not a raw material in the sense wool is for the woollen industry; otherwise we may say for bleaching or dyeing plant, our cloth is a raw material.

Mr. Batheja.—If you have the opportunity of going through the representation of the Hosiery Manufacturers, you will find they are as violently opposed to protecting the yarn as you are opposed to protecting the raw wool industry.

Mr. McConnell.—What specific points do they raise?

Mr. Batheja.—If their raw material is made expensive, they will have to close down. They have sent many telegrams of protest.

Mr. Gordhandas.—So far as the weaver is concerned, will he not be protected if the duty on imported cloth is increased?

Mr. Batheja.—That was exactly my point to Mr. Maloney. Supposing the increase in the price of raw wool is included in his fair selling price, what objection can he have? If he has objection, the hosiery manufacturer has the same objection as against yarn.

Mr. Maloney.—I admit that to this extent I am aware of the difficulty.

Mr. McConnell.—We understand from one of the leaders of the hosiery industry that the basis of their objections is largely that they have to pay very much higher price for local yarn and that the imports are not likely to be replaced by locally produced goods which argument we can meet very fully.

Mr. Batheja.—As you deny the possibility of supply of suitable raw wool for worsted, they deny the possibility of supply of Indian yarn for their goods.

Mr. Scott.—There is not a possibility of raw wool for worsted for the very finest quality in the immediate future.

Mr. Batheja.—Mr. Scott, we have been studying a good deal about this question of Japanese competition and apart from any special factors claimed by some people to exist in favour of Japan, there is undoubtedly this fact that Japanese industry is very highly rationalised, they have saved costs in material, they buy in bulk, they sell in bulk and they engage freight in bulk. There is no denying that fact. These are economic advantages which are open to any industry without state assistance. The state assistance factor is not so important. It may be a helping factor. I want to ask you, gentlemen, whether it is not possible for the Woollen industry in India to so rationalise itself at least in certain respects so as to minimise the cost of production and increase its competitive power. It may not be such an elaborate scheme as was contemplated for the cotton industry. That meant buying over all mills, estimating their assets and amalgamating them and so on. Suppose the woollen industry set up an Association for buying raw material which it may have to import from Australia in bulk, set up also a common machinery for selling their goods and incidentally solve the difficulty which the President mentioned about excessive output. If this is not within the range of practical politics, at least would you combine together for the purpose of buying raw material in bulk, for selling your goods in bulk like the Cement Association and for engaging freight in bulk? Would such a limited scheme of rationalisation be considered by the Association?

Mr. Maloney.—We are always optimistic, but there is a great deal of individuality in this country and in England. And I don't think that the Japanese have to contend against that. They have gone for the world market and have gone on specialised lines. They have been helped in that respect by a having only a few representatives in these foreign markets when they want to buy the materials which are necessary. They naturally are assisted in their buying operations. It may not have been conscious rationalisation, but the result is there all the same.

Mr. Batheja.—In the first place, Mr. Maloney, do you think that it will reduce the cost materially if you had an organisation of that sort and whether it will be a good thing to have it?

Mr. Maloney.—Are you speaking of cotton or woollen?

Mr. Batheja.—Woollen industry.

Mr. Maloney.—The size of the industry is so small and the units are so scattered and that the production is so varied, that it will be very difficult to attempt rationalisation.

Mr. McConnell.—Referring to the point mentioned by Mr. Maloney about the diversity of products, the cement industry was mentioned as an example. As far as cement is concerned, it is a standardised article sold for a standard price. I don't think you can have any similar arrangements in respect of woollen goods produced by the various mills in India to-day.

Mr. Batheja.—It may be difficult in those higher sections of the worsted goods where the consumer demands a variety of goods, but what about buying wool tops in bulk from Australia?

Mr. McConnell.—It does not always pay to buy tops in bulk. We can often buy cheaper in smaller quantities. It depends on the top makers position.

Mr. Batheja.—So far as low quality of blankets and rugs are concerned, a common organisation may bring about a more satisfactory price and eliminate the wasteful competition which exists just now in the industry.

Mr. Scott.—At present there is no sufficient business for everybody and it is quite possible that we would not agree amongst ourselves how much I should get and how much the other man should get. If there was a flourishing market and if the times were good, it would be possible and it would be a good thing if there was a sufficient market to have our entire production.

Mr. Batheja.—Supposing a market was assured by a scheme of protection, would the industry consider the scheme?

Mr. Scott.—I have no doubt that we can consider that.

Mr. Maloney.—You must have a period of prosperity, of phenomenal prosperity before you can achieve anything. That is my experience.

Mr. Batheja.—My experience is confined to theoretical study of cartels and pools in other countries, say in America and in Japan. That has led me to the conclusion that it is only at the time of depression and when they are passing through difficulties, members are compelled to join and adopt a policy of rationalisation.

Mr. Maloney.—Cartels are only successful when the capitalists combine or where there is complete control over individual units.

Mr. Batheja.—With all respects to you, a cartel does not necessarily combine capital. A cartel is a selling organisation, or a selling association.

Mr. Maloney.—The only one that has been eminently successful is the German Dyestuff Cartel.

Mr. Batheja.—Just at present, the whole of the Japanese industry and a portion of the Italian industry are cartelised. Every manufacturer is free to manage his own concern and produce his own goods.

Mr. Maloney.—You will exactly get the same effect as in the case of the total combination of capital.

Mr. Batheja.—I take it that such rationalisation as is contemplated in this question of mine is impracticable.

Mr. Maloney.—I don't think there will be any elaborate rationalisation. Any major scheme or major achievement such as has been possible in Japan will not be possible in India within a measurable space of time.

Mr. Batheja.—Is it possible for the industry to develop export market in carpet yarn or in cheaper varieties of yarn.

Mr. Scott.—We have had considerable experience in carpet yarn and have found that it is impossible to export it to manufacturing countries such as Belgium, Germany, and France where there is an import duty on yarn and no import duty on wool.

Mr. Batheja.—Coming to the question of quotas, is your Association more in favour of a quota system than in favour of a protective scheme based on higher duties?

Mr. Maloney.—It depends on the size of competition we have to meet and what is going to be the effect. In the case of a country like Japan, I must say that the quota system of protection has been more successful than the high duty system.

Mr. Batheja.—Some objection has been urged against the quota system and you will agree that the quota system will mean a more violent interference with the free flow of international trade than tariffs because quota actually means prohibition beyond a certain limit.

Mr. Maloney.—Your quota must be reasonable like the cotton piecegoods quota. In the first place it does not amount to prohibition.

Mr. Batheja.—It amounts to prohibition beyond a certain point.

Mr. Maloney.—Yes. In the peculiar circumstances of the Woollen industry and the cotton industry, where we are in a position to manufacture goods, why should we allow a valuable industry to be swamped out of existence when we can be reasonable and give the competing countries as much as they had on the average of the last few years and yet keep the local industry going.

Mr. Batheja.—For changes in methods of production, changes in technique, changes in the tastes of consumers, etc. You don't make sufficient allowance where you have a quota system based on the average imports of the last four or five years?

Mr. Maloney.—One must go into the reasons for changes in tastes or apparent changes in tastes before one can answer that question specifically, but I would say that if there has been a development in the tastes for any particular class of goods then by whatever means it has been established, that demand will be met, no matter how recent it may have been.

Mr. Batheja.—For instance, the hosiery industry of the Punjab is getting merino yarn from Japan. In the last one or two years Japan has taken a very great step forward and produces merino yarn which the Punjab industry requires at a very cheap price. If you take the average of the Japanese importations for five years, you are practically depriving this new industry or the new consumer of the chance of taking advantage of the great developments which have taken place in Japan in the manner of production.

Mr. Maloney.—I don't think one can assume that there have been great changes in the methods of production. There has been a change in the price of the article that is now put on the market. Whatever the reasons for that are, whether permanent or temporary, as long as we have the whole world to draw supplies from, I don't anticipate that there will be any difficulty in getting the raw material which the hosiery industry demands. If for any reason whatsoever the Indian industry cannot supply, there is nothing to prevent the hosiery industry from going to other sources.

Mr. Batheja.—If a quota system is introduced, do you agree that on the whole prices will be raised?

Mr. Maloney.—Temporarily.

Mr. Batheja.—Is it not possible that under a quota system they will rise more unevenly at certain periods than at others? The tendency may be this that as long as foreign imports are coming in, the prices may be low but the moment the quota limit is reached and when dealers realise that no more foreign imports are coming in, there will be a violent rise in prices?

Mr. Mehta.—That will be temporary.

Mr. Batheja.—I am considering the limitations of the quota system. You are aware, Mr. Maloney, this difficulty was experienced in Ceylon?

Mr. Maloney.—I know the people who were affected by the quota, viz., the merchants, made a great protest but no action was taken as a result of that protest and we heard no more about that. I have not heard that the quota system there has been unsuccessful.

Mr. Batheja.—It is unpopular.

Mr. Maloney.—I do not know whether it is unpopular. We had a special officer down there making investigations. The merchants are not disquieted by the quota and they welcome it. The merchants themselves have never been able to make a profit on the Japanese goods because the Japanese sell at one price to-day to one merchant and at a lower price next day to his neighbour.

Mr. Batheja.—The quota may lead to more violent fluctuations in prices in markets than under a system of protective duties where prices will be maintained throughout the year.

Mr. Maloney.—I don't think there have been any difficulties about the cotton piecegoods quota in that direction. We can only speak from experience.

Mr. Batheja.—While a system of quotas may be worked in the case of an article which is consumed in bulk and where the variety is not very great, it may be difficult to work in the case of the woollen industry where it is said the varieties of products are very large and in order to work out a system of quotas for every country and for every class of goods you will have to apportion the trade.

Mr. Maloney.—You will have to divide it.

Mr. Batheja.—You will agree that there is some difference between the two cases I have mentioned.

Mr. Maloney.—There are countries against which quota is most necessary.

Mr. Batheja.—In working out a detailed scheme of quotas, you will have to work out quotas for each of those articles for which you have asked for protection.

Mr. Maloney.—Not in any great detail.

Mr. Batheja.—Hosiery yarn, knitting yarn and so on. We are examining the case of the woollen industry. Really speaking it amounts to a claim to protection for all the articles produced by the woollen industry.

Mr. Maloney.—Naturally so.

Mr. Batheja.—You will have to work out a quota for each class of goods for each country.

President.—The possibility is restricted by the statistics we have.

Mr. Maloney.—You are restricted by the information you have.

Mr. Batheja.—Granting that, suppose you take the head of piecegoods and work out the quotas for piecegoods. The Raymond Woollen Mills will admit that the variety of piecegoods is very great and especially in the woollen industry it depends upon changes in fashion. Many varieties are manufactured to suit the tastes of the consumer. Now in that class of goods, suppose you fix an arbitrary quota of poundage, then it is possible that the consumer may not get the goods which he desires from certain countries. On account of some mistake, certain types of articles may be brought under piecegoods in large quantities and other varieties demanded by the consumer may not be available at all, because the quota limit has been reached in piecegoods. That will mean a very great hardship to the consumer.

Mr. Maloney.—I don't think there will be any hardship on the consumer if you deal with it in a general way as our chief competitors are producing standardised goods.

Mr. Batheja.—Serges come in, tweeds come in and many other things come in. Materials such as broad cloth or tropical cloth may not come as the quota limit has been reached, and the man who wants to buy that kind of cloth cannot get it at any price.

Mr. Maloney.—I think the difficulties are over-estimated. Things will adjust themselves.

Mr. Batheja.—I am just putting to you the difficulties.

Mr. Maloney.—I admit there are difficulties in working out the quota system.

Mr. Batheja.—In this I am not necessarily giving my own opinion. At present we are only considering the problem.

Mr. Maloney.—There are difficulties in working out quotas of this nature. The trade itself will work out those difficulties.

Mr. Batheja.—Ultimately is a system of quotas good for the producers themselves? The quota system will lead to unevenness of production also. As long as the goods are coming within the quota limits, the mills may

not accumulate stock and after that there may be feverish activity. You will admit that an even rate of production is necessary—instead of feverish activity at one time and no activity at another time.

Mr. Maloney.—I agree that it would be better to have an even rate of production, but I don't think the position would be anything like so bad under the quota system as it is now. In the woollen industry we have a seasonal trade and in the season there will naturally be greater activity.

Mr. Batheja.—Is there a possibility of evading the quota?

Mr. Maloney.—There is always a possibility of evading a quota when it pays to smuggle.

Mr. Batheja.—Apart from smuggling, you might effect such changes in the technical organisation that goods which just escape the definition of quota may come in as substitutes and the whole scheme of protection may be injured because the quota system is affected. Do you regard the quota system as more effective than a system of duties?

Mr. Maloney.—I say that it is more desirable from my practical experience of working to have quota than the higher rates of duties which would have to be imposed to achieve the same effect.

Mr. Batheja.—Suppose the industry requires a very high scale of duties, is it not more straight forward to have those duties than having the quota?

President.—Mr. Maloney is referring to the enormous discrepancy between the effect on, say, the Continental imports of a quota and the effect of putting on these duties. You require 30 per cent. against the Continent whereas you require 80 per cent. against Japan.

Mr. Maloney.—Under the quota system you don't penalise other foreign countries which we have to do under the system of duties on account of the Indo-Japanese agreement.

Mr. Batheja.—So far as the United Kingdom is concerned, that country stands on a different footing.

Mr. Maloney.—I am talking about foreign countries.

President.—About the Continent and Japan.

Mr. Maloney.—As a matter of fact I do not know what the views are of the Woollen Members of the Association. Quota is not perhaps so essential against Great Britain as against Japan and Italy.

President.—When you have a scheme of quotas, will you have it against one or two countries or against all countries?

Mr. Maloney.—Against all countries.

President.—Including the United Kingdom?

Mr. Maloney.—Yes, but I admit the justification for a quota is not so great in the case of United Kingdom as it is in the case of other countries, because their competition has not been so severe.

Mr. Batheja.—There is another aspect of the question. After all if you put in a quota, it is an interference with the movement of international trade and it may lead to retaliation by other countries. The retaliation may not be at the expenso of the woollen industry but it may be at the expense of other industries.

Mr. Maloney.—Against that I would put another question which in my opinion is a really effective answer: Is it any more reasonable to expect retaliation against a quota than against the system of high duties? I think we are more likely to meet strong opposition against the level of duties from France, Germany, Italy or Poland if we put on the duties that are required against Japan against these countries than we should have if the quota system is adopted.

Mr. Batheja.—I shall explain my personal views in this matter. Generally the quota system has been adopted by European countries and I take it that it has been adopted more for the purpose of safeguarding an existing industry than to protect an infant or a growing industry.

Mr. Maloney.—I think the system of quotas is really a French idea and has been adopted for a good number of years in that country over a very wide range of products; so I can't say whether it is meant for established industries or utilised in an equal degree for infant industries.

Mr. Batheja.—In my opinion the quota system has been used more for the latter purpose than for the former purpose and that is why the Fiscal Commission never contemplated a quota; it contemplated industrial development of India by means of tariffs.

Mr. Maloney.—There was no quota system at all at the time the Fiscal Commission wrote their report. Perhaps there has been some advance in our ideas since the Fiscal Commission wrote its report.

Mr. Batheja.—We are enquiring into this industry under the terms of the Fiscal Commission's report.

Mr. Maloney.—Since the Fiscal Commission's report was written I think a certain amount of latitude has been allowed; it does not say that the Government of India should be absolutely tied down to the rules laid down by the Fiscal Commission.

Mr. Batheja.—You want a certain amount of quotas for a fixed period and I take it the figures will not be changed for five years?

Mr. Maloney.—That is so.

Mr. Batheja.—Supposing there is a remarkable change in consumption and production during that period, your quotas will remain the same?

Mr. Maloney.—It would not matter; you must have much wider headings.

Mr. Batheja.—We shall leave this matter and come to the staple fibre mentioned by you. The Indian Woollen Mills said that they were using this staple fibre in certain quantities. Mr. Gordhandas, are you using this for your woollen mill or for cotton manufactures?

Mr. Gordhandas.—I am using it as a mixture with woollen fibre.

Mr. Batheja.—What difference does it make when you mix it with woollen fibre?

Mr. Gordhandas.—A lustre effect is produced.

Mr. Addyman.—I think it is recognised that shawls and lohis are very important lines of manufacture in worsted mills in India; you referred yesterday to the constantly increasing imports of shawl cloths, 20s particularly, from France and the reason for the French manufacturer succeeding in increasing their sales in this country was that their cloth was constructed with single warp which the Indian mills were not able to produce. Have the Indian mills succeeded in producing that type of cloth?

Mr. McConnell.—They have not.

Mr. Addyman.—Will you refer, Mr. Maloney, to paragraph 34 of your representation. You say the fair selling price of 2/48s Indian mill-made yarn including depreciation and 8 per cent. return on capital would amount to Rs. 3-8 per lb.

Mr. Maloney.—That is based on the present cost.

Mr. Addyman.—Leaving aside the question of Japanese competition let us take Bradford, for example, 64 tops from which this 48s would be produced; the price of that top has ruled for five or six months round about 25½d. roughly.

Mr. McConnell.—Yes.

Mr. Addyman.—Taking the variation in exchange that top would be put into consumption in Indian mills at a cost not exceeding that of the Bradford spinner?

Mr. Maloney.—Yes.

Mr. Addyman.—The Bradford spinners for the last five or six months have been selling their yarn scoured picked at an f.o.b. price equal to Rs. 2-7 per lb.; equal to c.i.f. Rs. 2-9 per lb. That is the outside figure.

Can it be explained why Bradford could sell this yarn at that figure and the Indian mills required a figure of Rs. 3-8?

Mr. Gordhandas.—This representation was submitted somewhere in October or November last and the price, viz., Rs. 3-8 for 2/48 was based on 1933-34 prices of tops and was mentioned for comparison with Japanese yarn which was already in the Indian market then. The price of 64s tops in the year 1933-34 was 41½d.

President.—Rs. 3-8 is your price?

Mr. Gordhandas.—It is based on the costing of 1933-34; when Japanese yarn was selling at 44½d. our price was Rs. 3-8.

President.—What would your price be to-day?

Mr. Gordhandas.—On the basis of 25½d. for 64s tops to 48s yarn it is Rs. 2-7-9 unsoured two-fold.

Mr. Addyman.—That would appear to be near enough to what the Bradford spinners are able to sell at?

Mr. Gordhandas.—Yes. That is not including depreciation and the 8 per cent. profit on block.

President.—Even then there appears to be a wide difference between what Bradford can produce at and the Indian mills can produce at.

Mr. Gordhandas.—I don't think there would be much difference.

Mr. McConnell.—You don't know what type of mill it is coming from.

Mr. Staynes.—Probably it is a specialised mill.

Mr. Gordhandas.—Bradford yarn is conditioned yarn and our yarn is not conditioned yarn. When it comes to India it loses a certain amount of weight in shape of moisture.

Mr. Staynes.—It will contain 18.3 per cent. of water; it may be 16 by the time it reaches here.

Mr. Batheja.—Do you regard 8 per cent. profit in the present day finance reasonable?

Mr. Maloney.—Yes.

Mr. Batheja.—Very few concerns have an assured dividend of more than 6 per cent. in the market these days.

Mr. Maloney.—The man who promotes the industry is the man who originally puts in his money and expects to get 8 per cent.; the return got by the investing public is a different matter.

Mr. Batheja.—We are talking of the existing industry; suppose this industry has got to get an assured market will it be necessary to give 8 per cent. profit?

Mr. Maloney.—Everything is based on the idea of a new plant and on estimating the fair selling price at to-day's cost. I think the return on capital is based on a return which would ensure the establishment of an industry not on what the investing public demand but the man who actually looks forward and risks his money and establishes the industry.

Mr. Batheja.—We were given to understand by certain people in Karachi that 6 per cent. ought to satisfy the industry. Will that satisfy you?

Mr. Maloney.—It will certainly satisfy the investing public but I don't think it would be a correct figure in estimating the fair selling price.

THE HOSIERY MANUFACTURERS' ASSOCIATION, BENGAL, CALCUTTA.

**Evidence of Messrs. L. M. MUKERJEE and G. N. KAPOOR
recorded at Bombay on Monday, the 25th March, 1935.**

President.—Mr. Mukerjee, you represent the Bengal Hosiery Manufacturers' Association?

Mr. Mukerjee.—Yes.

President.—Mr. Kapoor is a manufacturer?

Mr. Mukerjee.—Yes and also a member of our Association.

President.—You say, Mr. Mukerjee, that for about four months in the winter season your hosiery factories are engaged in the manufacture of woollen articles?

Mr. Mukerjee.—Yes.

President.—And for the rest of the year they are devoted to cotton. What proportion of the total industry does deal with cotton in the off season?

Mr. Mukerjee.—That observation applies to the cottage industries only.

President.—The hand machines are adapted to making cotton goods as well?

Mr. Mukerjee.—Yes; on the same machine both cotton and woollen yarn can be used for manufacture of socks and stockings.

President.—Does the hand industry do nothing else but socks and stockings?

Mr. Mukerjee.—They also manufacture caps, mufflers, etc.

President.—But the cotton goods are socks and stockings only?

Mr. Mukerjee.—Yes; there are also cycle hoses, artificial silk hoses.

President.—In the power factories there are two kinds of machines, I understand. In the better type of factories the machines are adapted only to woollen goods. Some of the better machines can only knit wool?

Mr. Mukerjee.—No. Most of the factories are equipped for the manufacture of cotton hosiery and there are some factories who have erected special machines for the manufacture of heavy woollen goods.

President.—These cannot be used for cotton?

Mr. Mukerjee.—Not for light goods but for making heavier cotton goods such as coats, pullovers.

President.—So that you can say that all the hosiery machinery in Bengal can be used for cotton and wool?

Mr. Mukerjee.—Yes.

Mr. Kapoor.—By cotton we do not mean cotton vests.

Mr. Mukerjee.—I said on heavier machines only goods for the winter season can be manufactured either cotton or woollen, such as cardigans, etc. Finer qualities of cotton goods cannot be manufactured on that machinery.

President.—Does this heavy type of cotton article actually compete with the woollen goods?

Mr. Kapoor.—Yes.

President.—Some of them like heavy cotton, some of them wool?

Mr. Mukerjee.—The difference in price is so great that even those who would want to buy woollen goods sometimes go in for heavier cotton goods. They are much cheaper goods because they are coming at a very low tariff. They are not protected.

President.—I had better question you about that straightaway. On page 7 of your representation you say "Some classes of Japanese vests made

of pure cotton such as fleecy backed vests and coats, pullovers, etc., made from jacquered fabrics compete with woollen goods. These classes of cotton goods were not included in the protected list of cotton hosiery". Why is that? Can you explain in greater detail why these cotton goods were omitted?

Mr. Mukerjee.—We have stated in the written statement that those factories which were engaged in the manufacture of heavier goods most probably did not appear before the Tariff Board.

President.—I understand that. But how is it that they were omitted. Can you point out in the Tariff Schedule?

Mr. Mukerjee.—In the Tariff Schedule it is stated as undervests only, which come under section 51 (2).

President.—Section 51 (2) covers cotton undervests, knitted or woven, and cotton socks or stockings.

Mr. Kapoor.—Yes.

President.—They are protected?

Mr. Kapoor.—Yes.

President.—Section 51 (3) covers cotton knitted fabric; that is also protected, but 52 is a non-protective duty. It is only a revenue duty and it covers "apparel and hosiery not otherwise specified". Is it your point that these cotton goods, vests and so on come under 52 and not under 51 (2) and 51 (3)?

Mr. Kapoor.—That is so.

Mr. Batheja.—Have you made any representations to the Customs department?

Mr. Mukerjee.—We made many but to no effect. The Tariff Board recommended that all knitted goods should be protected, that there should be a specific duty of 12 annas per lb. But the definition was changed and they have only stated undervests. So these are regarded as outer garment and have been put under a separate section.

President.—These Japanese vests which you refer to are outer garments and are not really undervests?

Mr. Mukerjee.—No.

Mr. Batheja.—Have you brought samples?

Mr. Mukerjee.—Yes (shown).

President.—I understand your point to be that when a knitted garment is made up of knitted fabric, if it is not an undervest or socks or stockings it comes under 52?

Mr. Kapoor.—Yes.

President.—Whereas the material from which the finished garment is made is protected, the finished garment is not protected.

Mr. Kapoor.—That is so.

Mr. Mukerjee.—At different Customs different rates are charged; I mean they are placed under different classes.

President.—We had an exactly similar complaint from Rangoon. Apparently the Rangoon Customs interpret the schedule in the same way as the Calcutta Customs. Have you any reasons to suppose that in other places the Customs interpret differently?

Mr. Mukerjee.—I understand in Bombay they interpret it differently. In Calcutta for instance in the case of the fleecy backed vests of smaller sizes there is a certain limit in weight; they are passed at 12 annas a lb. and the rest are placed under 35 per cent. duty.

President.—You mean the Customs differentiate between the two articles; if it is small they treat it as undervest, if it is larger it is a garment?

Mr. Mukerjee.—Yes.

Mr. Batheja.—What do you mean by small?

Mr. Kapoor.—18" to 26" for children.

Mr. Mukerjee.—The definition is so vague that different Custom Houses treat it differently. The Tariff Board was very clear in their recommendation that all knitted goods should be put under the protective list. If on a cotton vest two pockets and a collar are attached it is regarded as "under-vest" by some and "outer wear" by others.

Mr. Batheja.—The modification was done at the suggestion of importers from India.

Mr. Mukerjee.—Yes.

Mr. Batheja.—The essential difference is two pockets and V-shaped neck.

Mr. Kapoor.—It is apparel. We manufacturers are handicapped in that way.

President.—What is the weight of these per dozen?

Mr. Kapoor.—6½ lbs. per dozen.

President.—If that paid a duty as an undervest, it will pay 12 annas a lb

Mr. Kapoor.—Yes.

President.—That is to say Rs. 4-8-0 a dozen extra.

Mr. Kapoor.—Yes.

President.—At present it pays Re. 1.

Mr. Kapoor.—Yes. The import price of this (sample shown—sizes 32 to 34) is Rs. 4-8-0 to Rs. 5.

President.—That pays 35 per cent. duty?

Mr. Kapoor.—Yes.

President.—Rs. 1-13-0 compared with Rs. 4-8-0.

Mr. Kapoor.—Yes there is a difference of Rs. 2-11-0.

President.—You say in Bengal the cottage industry consists of about 100 factories.

Mr. Mukerjee.—Yes.

President.—What constitutes a factory? Any machine can constitute a factory?

Mr. Mukerjee.—Yes circular machines.

President.—What do you call a factory?

Mr. Mukerjee.—In some factories there are 10, there are 15 in some and in some only 5 machines.

President.—Apart from that is the cottage industry widespread?

Mr. Mukerjee.—There are 100 factories, each consisting of 5 and more machines.

President.—Apart from that?

Mr. Mukerjee.—It is very difficult to say. We can't enquire. It is spread over a large area. There used to be many during the years 1909 and 1910. During the war there was more demand.

President.—You have no idea of the extent to which the industry may be spread, one machine here and one machine there.

Mr. Mukerjee.—No.

President.—You say: "Manufacture of woollen knitted goods by power factories started only 5 or 6 years back". What was the moving cause for these factories suddenly starting to manufacture woollen goods? Why did these factories start turning to woollen goods?

Mr. Kapoor.—There were good profits. I started in the year 1929.

President.—Was there any special reason?

Mr. Kapoor.—I found there was profit in the manufacture of woollen garments. First I started importing and then began to manufacture.

President.—The demand was there?

Mr. Kapoor.—Yes.

Mr. Mukerjee.—Every manufacturer has got an ambition to make his factory an all round complete unit, because during the winter season cotton hosiery is not sold very much. During the winter season they have got to make heavier goods both cotton and woollen. During the summer they have got to make finer qualities with various designs in it such as tuck stitch and open stitch fabrics. One manufacturer cannot depend on one quality of manufacture throughout the year.

President.—What I was really trying to get at is whether there had been any change in the demand or whether the demand was there and simply the manufacturers started making goods against the demand which was being supplied formerly by importers.

Mr. Kapoor.—Yes. The demand has increased on account of the Japanese. Formerly 6 or 8 years back the British and Continental goods used to come to India and not Japanese. Later on we began to manufacture goods in India and afterwards Japanese came in.

President.—You had no difficulty in competing with the Continental imports?

Mr. Kapoor.—No. The competition has become very severe only in the last three or four years.

President.—You say: "there is no local market for woollen yarns". I suppose there was no difficulty in obtaining woollen yarns from the Indian mills if you wanted to before the Japanese competition became so intensive. Was there any difficulty in getting yarn from the Indian mills?

Mr. Kapoor.—No. The prices of Indian yarn and the European yarn were practically the same. The difference was only about 10 pils.

President.—From what mills did you get your yarn?

Mr. Kapoor.—The Raymond Woollen Mills.

Mr. Addyman.—Was that cross-bred quality or merino?

Mr. Kapoor.—Both.

Mr. Addyman.—In what year?

Mr. Kapoor.—1930, 1931.

President.—When did you start buying your merino qualities? Before that were you getting cross-bred quality?

Mr. Kapoor.—I began to take both simultaneously, because there were markets for both.

President.—In what year was that?

Mr. Kapoor.—I purchased yarn from the Indian Woollen Mills and the Raymond Woollen Mills in the years 1931 and 1932.

Mr. Addyman.—Which quality?

Mr. Kapoor.—Both.

Mr. Addyman.—And counts?

Mr. Kapoor.—2/20s to 2/32s. There are different machines in which different kinds of yarns are used.

Mr. Addyman.—You purchase 2/20s and 2/32s merino quality?

Mr. Kapoor.—Yes.

Mr. Addyman.—In lower counts you purchase R. D. quality?

Mr. Kapoor.—Yes. From the year 1933 we had to get our yarn from Japan. We found that it was very cheap, and I was the first man to get this yarn from Japan because I had my import connections there.

President.—First year was 1933.

Mr. Kapoor.—Yes. I got something in the year 1932 too. Mostly it came in the year 1933.

Mr. Batheja.—You never got your yarn from Dhariwal or Cawnpore?

Mr. Kapoor.—We wrote to them. The quotations were so high that it was useless to get it from them.

President.—Was it higher than the Bombay prices?

Mr. Kapoor.—Yes in those days they were higher by 15 to 25 per cent. From the end of 1932 up to now there was no question at all of purchasing Indian wool on account of Japanese yarn being sold cheap.

President.—When did you start making woollen goods?

Mr. Kapoor.—At the beginning of 1929. I think it was made a private Limited Company in 1931.

President.—In the year 1929 you got your yarn from the Indian mills and from Europe?

Mr. Kapoor.—Yes from the Indian Woollen Mills, Raymond Woollen Mills and from Europe.

President.—Was that merino quality?

Mr. Kapoor.—Both Merino and R. D. The demand was for both cheap and fine goods.

President.—The machines are continually improving?

Mr. Kapoor.—Yes.

President.—Have you had to change your machines?

Mr. Kapoor.—Every year I get new machines from Europe.

President.—Do you still go on using the old machines? Had you to scrap any machine?

Mr. Kapoor.—We had not to scrap any, but we produce very small quantities on these machines; otherwise we get more quantity from improved machinery for which we find more demand.

Mr. Mukerjee.—Keeping them idle means scrapping.

President.—You say on page 3 of your representation that there are 6 power driven factories equipped with the latest machines and about 10 power driven factories which make wool as well as cotton.

Mr. Mukerjee.—Yes.

President.—Does that mean that the first six power driven factories do not make cotton goods?

Mr. Mukerjee.—They also make cotton goods.

President.—These are the ones which are making the heavier goods, are they?

Mr. Mukerjee.—Yes. There is only one factory which do not make finer cotton goods and that is Jagdish Hosiery factory.

Mr. Kapoor.—Otherwise every other factory makes woollen and cotton goods.

Mr. Mukerjee.—That is the kind of fabric (shown), both cotton and woollen that may be turned out on those machines.

President.—Merino quality?

Mr. Mukerjee.—2/60s to 2/64s.

Mr. Addyman.—Is this produced from Japanese yarn?

Mr. Kapoor.—Yes.

Mr. Addyman.—Those are all made by superior machines?

Mr. Mukerjee.—Yes.

Mr. Kapoor.—Those are machines from which we make cotton vests.

Mr. Mukerjee.—For these we require special machines (samples shown).

President.—Of merino yarn?

Mr. Mukerjee.—Yes.

President.—Can you give me any idea of the output of Bengal factories? Have you attempted to make any estimate of the total output under the various heads? You say the capacity would be about 2 lakhs of pounds.

Mr. Mukerjee.—Yes in double shift working full year.

President.—If you work single shift, you would have one lakh of pounds.

Mr. Mukerjee.—Yes that is a very moderate estimate. We have left out the cottage industries.

President.—It doesn't include cottage industries?

Mr. Mukerjee.—No.

President.—This is the capacity of these 16 factories?

Mr. Mukerjee.—Yes.

President.—Only a little over 6,000 lbs. per year per factory. That seems very low.

Mr. Addyman.—What would be the average number of machines per factory?

Mr. Mukerjee.—There are only 6 factories. It would not be possible to find out an average figure.

President.—There are 16 power driven factories altogether.

Mr. Kapoor.—10 are making these lighter goods.

Mr. Batheja.—Are the figure of 6 included in 10?

President.—No. There are 6 factories equipped to manufacture woollen pullovers and 10 power driven factories intended to manufacture both cotton and woollen goods, but only finer stuff?

Mr. Kapoor.—Out of the 6 factories 5 of these make these kinds of goods as well.

Mr. Batheja.—Over and above 6, there are other 10 also which make these?

Mr. Mukerjee.—Other 5.

Mr. Kapoor.—10 includes 6.

President.—Let us be quite clear about this. There are 10 power driven factories in all.

Mr. Mukerjee.—Yes making the lighter quality.

President.—How many power driven factories there are in all?

Mr. Mukerjee.—About 50 power driven factories in Bengal.

President.—Making woollen goods?

Mr. Mukerjee.—Cotton goods out of which 10 factories make woollen and cotton goods. Out of 10, 6 have got special machines for making heavier goods.

President.—Can I interpret it this way that there are only 6 power driven woollen factories, but there are 10 in all which do make woollen in some part of the year, but they are really cotton factories?

Mr. Mukerjee.—Yes.

Mr. Batheja.—Out of these 10, 5 are equipped to make both cotton and woollen goods.

Mr. Mukerjee.—Yes.

Mr. Kapoor.—Finer stuffs can be made in all the 50 factories.

President.—I think 5 of them have turned their machinery to making woollen goods.

Mr. Kapoor.—Yes, because these kinds of woollen goods can be manufactured from the same machine from which cotton vest is made. So naturally the fifty factories can also manufacture these kind of vests (sample shown) if there is a demand.

President.—Besides those 5, there are 6 others making woollen goods primarily.

Mr. Kapoor.—Yes. Out of 6, 5 have got plant for making finer vests as well.

President.—When you say that the full capacity of the factories in Bengal working single shift is about 100,000 lbs. you are referring to the six factories, are you not?

Mr. Mukerjee.—11 factories (6+5).

President.—That means to say it is about 10,000 lbs. per factory.

Mr. Mukerjee.—No. The factories manufacturing these lighter qualities consume very little as compared with those manufacturing heavy goods.

Mr. Kapoor.—Out of six, there are only two factories which consume much of the woollen yarn. The other four factories produce only small quantities, and therefore their consumption of yarn is not much.

President.—Do you know what is the consumption of hosiery yarn in Bengal? Have you got any actual figures of consumption?

Mr. Mukerjee.—No.

President.—We know how much is imported, but a great deal of it goes up to the Punjab for weaving.

Mr. Kapoor.—Quite so. At present due to competition only a small quantity of yarn is being used in these factories. For myself I can manufacture 30 dozens daily and I don't manufacture even 5 dozens daily now.

President.—Have you found the Japanese yarn satisfactory?

Mr. Kapoor.—Yes.

President.—Is the wearing quality good?

Mr. Kapoor.—Yes.

President.—We have had complaints from other parts of India that the wearing qualities of the Japanese yarn are much inferior to the English yarn?

Mr. Kapoor.—Rather it is softer than the Continental yarn.

President.—Is the Japanese yarn softer?

Mr. Kapoor.—Yes.

President.—The complaint that we have heard is that it begins to fluff.

Mr. Kapoor.—Yes, a little, but that does not affect the quality of softness.

President.—Does that not affect the wearing quality?

Mr. Kapoor.—No.

President.—On page 7 of your representation, in comparing Japanese goods with Indian goods, you say that "pure woollen quality of Japanese goods of given weight would compete with Indian products of heavier weight having same designs and with equal or often better finish". Which has the better finish?

Mr. Kapoor.—The Indian products have a better finish.

Mr. Mukerjee.—Sometimes the Japanese have a better design though they are lighter in quality.

President.—Do you mean that the Japanese finish is better?

Mr. Mukerjee.—Yes.

President.—These Japanese mixtures to which you refer, are they mixtures of cotton yarn and woollen yarn?

Mr. Mukerjee.—There are two kinds of mixtures. One has a cotton backing, that is, the outer surface is woollen and the inner surface cotton; and there is another kind in which the woollen yarn is manufactured with some cotton fibre.

President.—Which is commoner?

Mr. Mukerjee.—Both are common.

President.—Do they come in equal quantities?

Mr. Mukerjee.—Yes.

President.—Which looks most woollen?

Mr. Mukerjee.—The union class. That is more deceptive. That gives a soft feel, but after two or three washes, that gives way. It does not last long.

President.—What do you mean by 'union'?

Mr. Mukerjee.—The yarn which is made from a mixture of woollen and cotton fibres.

President.—Do you call that 'union'?

Mr. Mukerjee.—Yes.

Mr. Addyman.—Is it woollen or worsted yarn?

Mr. Mukerjee.—It is worsted yarn.

President.—Is not the use of the term 'union' restricted to those goods which contain cotton warp and woollen weft?

Mr. Mukerjee.—No. In the hosiery trade, that is called plaited fabric.

Mr. Addyman.—When you say 'union', do you refer to yarn spun of a mixture?

Mr. Mukerjee.—Yes.

President.—The hosiery machines manufactured in India, you say, have been successfully worked in Bengal.

Mr. Mukerjee.—Yes. Mr. Kapoor has got two of them. There is another factory—Jagdish Hosiery Factory—which consists entirely of Indian machines.

President.—Where are they made?

Mr. Mukerjee.—In Ludhiana. There are factories in Lahore, Saharanpur, Ludhiana, etc.

President.—Are they manufactured in those places?

Mr. Kapoor.—Yes.

President.—When you say that they have been successfully worked, can they compare with imported machinery? Are they hand machines?

Mr. Kapoor.—Both power and hand. At the same time the price is very cheap.

President.—Does it pay you to buy them?

Mr. Kapoor.—Yes.

Mr. Addyman.—Does it give equal production per machine?

Mr. Kapoor.—No.

Mr. Mukerjee.—The Indian machines don't compare with the latest European machines.

Mr. Addyman.—They have not made needles yet?

Mr. Mukerjee.—No.

Mr. Batheja.—What is the difference between the two machines?

Mr. Kapoor.—Where the Indian machine costs Rs. 200, the English machine costs Rs. 800. In another case where the Indian machine costs Rs. 500, the English machine costs Rs. 1,500 or Rs. 1,600.

President.—Turn to page 9 and look at the last sentence of the 1st paragraph. Tell me what you mean by that? Referring to the Punjab goods, you say "the prices at which they are ultimately sold in the Calcutta market, being in clash with the imported Japanese goods affect the price level of the Bengal products".

Mr. Mukerjee.—The Bengal products are in competition generally with the Punjab goods and the Japanese goods.

Mr. Batheja.—Do you want protection against the Punjab?

Mr. Mukerjee.—No.

President.—What do you mean when you say that they are in clash with the imported Japanese goods?

Mr. Mukerjee.—Being in competition with the Japanese goods, their prices become lower.

President.—Does Bengal differ from all other parts of India in having middle class labour or do you use the terms "middle class" in a different sense? Who are the middle class people working hosiery factories?

Mr. Mukerjee.—Mostly literates.

President.—They differ from other mill-workers?

Mr. Mukerjee.—They are not of the same class of people as are working in the jute mills or cotton mills.

President.—Is there any reason for this which you can adduce?

Mr. Mukerjee.—I think the operations in a hosiery factory require intelligent labour because there is some difference between the hosiery industry and the cotton industry. The tailoring department requires intelligent and skilled labour. Though the work is performed on machines, the shapes and designs are put by the operatives.

President.—Tailors and artisans, do you call them middle class?

Mr. Mukerjee.—Yes. The knitting machines require very intelligent workers.

President.—You have no difficulty in getting all that type of labour you want?

Mr. Mukerjee.—No.

President.—Are the wages the same in cotton and jute mills?

Mr. Mukerjee.—We have never compared them.

Mr. Kapoor.—My idea is that we pay higher wages.

President.—Rs. 30 on an average per mensem?

Mr. Kapoor.—Yes.

President.—Is that higher than the average rate of wages in cotton or jute mills?

Mr. Kapoor.—A little higher.

Mr. Batheja.—Are the labourers mostly Bengalees?

Mr. Mukerjee.—Yes.

President.—Are the jute mill workers Bengalees or are they imported labour?

Mr. Mukerjee.—Imported.

Mr. Batheja.—They are mostly Biharis and Oriyas.

Mr. Mukerjee.—Yes.

President.—Why should the hosiery industry want to rely on Government for teaching its labour? That need is not felt by the other industries, at least to the same extent?

Mr. Mukerjee.—Government have started weaving institutes in every important centre. Even the cotton mills require such assistance. The hosiery industry requires very high technical knowledge and skill. The industry is a small scale industry and it is very necessary in the case of the hosiery industry that Government should start an institute. Private resources don't admit that.

President.—And when the industry gets firmly established, the need for that assistance will disappear? You are not prepared to say that?

Mr. Mukerjee.—I think after a time the necessity will become less, but an Institute like this should continue for ever because improvements in machinery and methods are being introduced continually.

President.—That is rather a different point. My point is this. When you get a considerable body of labour trained in an industry, that labour is always available and is moving. There is not the same necessity for Gov-

crument to teach labour. Investigation into methods of production is rather a different question; there Government could be of assistance. It seems to me that it is rather going beyond the scope of Government to teach labour.

Mr. Mukerjee.—We don't want the Institute to teach labour only. It should also impart some higher technical knowledge to people who would be able to manage factories.

Mr. Kapoor.—What we call skilled labour is not so efficient as the skilled labour in other countries. To get more efficient it is necessary there must be institutes where people can go and acquire the necessary skill.

Mr. Mukerjee.—That will help the industrialists. The Institute should impart knowledge of the latest methods and processes of manufacture.

President.—You have not enough experience to tell us how your labour compares in efficiency with anywhere else.

Mr. Mukerjee.—You mean outside India?

President.—Yes.

Mr. Kapoor.—Our labour can manage only one machine. In Japan one labourer can look after four or five machines. They are more efficient. Therefore their cost of production is much lower than ours.

President.—Have you experience of Japanese methods in hosiery manufacture?

Mr. Kapoor.—For the last two years one of our Directors is there.

President.—In Japan?

Mr. Kapoor.—Yes. He says "I find the labour here more efficient. They are controlling more number of machines than the Indian labour can manage".

Mr. Mukerjee.—The efficiency of labour in Japan is not the only factor which explains the difference in price. There are many other important factors.

President.—On page 11 you have given us detailed manufacturing costs of woollen socks. I do not know why you chose socks. Can we take it that socks is the most representative article turned out?

Mr. Kapoor.—That is generally the type that we manufacture.

President.—We cannot apply the manufacturing costs of making socks to the manufacturing costs of making a pullover, can we? Which is the bulk of your output, you think?

Mr. Kapoor.—Pullovers.

President.—Socks is chiefly a cottage industry?

Mr. Kapoor.—Yes.

President.—Do these costs you have given us relate to cottage industries?

Mr. Mukerjee.—Yes to cottage industries only.

Mr. Addyman.—Is this cost based on one dozen pairs?

Mr. Mukerjee.—Yes.

President.—What are the selling expenses you have included?

Mr. Mukerjee.—They do not incur any special selling expenses; they go direct to the dealers and sell them.

President.—What is this 2 annas a dozen which you have put down as selling expenses? Isn't that rather high?

Mr. Mukerjee.—Cooly hire and direct charges.

President.—It is rather a guess I suppose?

Mr. Mukerjee.—There is cooly hire, tram hire and sometimes they pay brokerage on sales.

President.—How do they dispose of these socks?

Mr. Mukerjee.—Either they themselves go to the market and sell to the dealers or keep special men.

Mr. Kapoor.—They keep special men on say Rs. 20 a month or engage market brokers and pay brokerage, and the broker goes to the market and sells. Different manufacturers sell their goods in a different way. The same procedure does not apply to all.

Mr. Addyman.—Can you tell the Board approximately what number of pairs the cottage worker knits?

Mr. Mukerjee.—Plain socks they produce two dozens per day per machine but hoses they can manufacture about 9 pairs a day per machine.

Mr. Addyman.—On that basis the cottage factories make Rs. 1-4-0 per day for knitting socks?

Mr. Mukerjee.—Yes. That is only for the operative who works on the knitting machine. It is a very important operation and only a few people turn out good work with that speed.

President.—I shall have to return to this question of costs in a little more detail presently. We cannot accept without detailed enquiries Rs. 4 and Rs. 6 for cardigans which seem to me very high. I will just run through the rest of your representation. Is it your belief that the Indian mills cannot compete with imported yarn?

Mr. Mukerjee.—Yes.

President.—Your reason for saying that is that their prices to-day are very much higher?

Mr. Mukerjee.—Yes.

President.—But just as you claim that if you are given a larger market you will be able to bring down your prices, is it not likely that in the same way if the Indian mills obtain larger orders for yarn they may be able to bring down their costs?

Mr. Mukerjee.—With that expectation we have suggested that they may be protected. While we had been discussing this point in our Committee, most of the manufacturers had been opposed to the granting of protection to the Indian spinning industry. They said that only two factories existed which supplied yarns. They said that if the Board was satisfied that after giving protection they would be able to reduce their prices considerably within a reasonable time, in that case they should be justified in granting protection to the Indian spinners.

Mr. Batheja.—Why do you say only two factories can supply yarn?

Mr. Mukerjee.—Because actually only two factories supply yarns.

Mr. Batheja.—Do you mean to say that Cawnpore and Dhariwal have never supplied?

Mr. Kapoor.—They can supply cheaper but they will never do it.

President.—Do you have any direct competition with the Cawnpore and Dhariwal mills in hosiery? Does their hosiery come to Calcutta?

Mr. Kapoor.—Yes in big quantities.

President.—At what price do they sell?

Mr. Kapoor.—They sell mostly sweaters.

Mr. Mukerjee.—They have recently started manufacturing other varieties also.

President.—Do they compete with the Japanese prices?

Mr. Mukerjee.—I do not think so.

President.—Are their prices lower than you can turn out your products at?

Mr. Kapoor.—They are at the same level as ours as regards pullovers and cardigans. As regards sweaters we do not manufacture them because we know we cannot compete with them.

Mr. Mukerjee.—And they are now going out of fashion.

President.—At any rate we may take it that you are not definitely opposed to a protective duty on foreign yarns. You realise, I suppose,

that any duty on foreign yarn may have the temporary effect of raising the prices until the Indian mills are able to secure the whole of the Indian market or a bigger share of it. Then it is hoped that internal competition will reduce prices, but for the time being it seems that prices will go up. Is your industry able to support that?

Mr. Mukerjee.—If the Indian spinners are protected and if as a result the prices of yarns go higher then the existing difference in price between imported hosiery and the local hosiery would be much increased because of our increased cost of production.

Mr. Batheja.—Would it be much higher than the 50 per cent. you have suggested?

Mr. Mukerjee.—We are now using Japanese yarn for manufacturing our goods and if as a result of protection price of yarn goes up higher, the difference between the existing price of Japanese hosiery and the Indian hosiery would be much higher than it is now owing to the increased cost of production of yarn.

Mr. Batheja.—In case yarn is protected would you suggest a higher scale of duty than 50 per cent.?

Mr. Mukerjee.—Yes.

President.—But against that the point is this: The assumption is that any increase in price of the Indian yarn will be temporary only so that you may be inconvenienced for a year.

Mr. Mukerjee.—That would have been case if there were more mills. There are only two mills and we do not expect much competition between them.

President.—The evidence is that there are at least four mills the total output of which is more than sufficient to supply the whole demand for yarn for the whole of India. So unless there is some understanding between the mills to keep prices up it does seem likely that there will be competition. We have been told by the mills in Bombay, for instance, that they are each capable of supplying as much yarn as is imported to-day. In fact it seems that if the Indian mills did live up to their assertions there would be a glut of yarn in the market rather than scarcity, but what would actually happen is in the lap of the Gods.

Mr. Mukerjee.—In the case of the four big mills they may combine. It is only in the case of the smaller factories that we do not expect that and competition is expected to be very keen.

President.—The same difficulty does not occur in the cotton hosiery industry.

Mr. Kapoor.—In what sense?

President.—In obtaining yarns?

Mr. Kapoor.—There are some difficulties but they are not very serious.

President.—You say the effect of a year's protection of the cotton industry has been marvellous in spite of the fact that cotton yarn is also protected.

Mr. Kapoor.—Yes.

President.—Is there any reason why a similar type of protection should not have the same effect?

Mr. Mukerjee.—The market for woollen goods is very small as compared with the cotton goods in quantity.

President.—I would just like now to take up the detailed costings you have given us. Have you any desire to keep the information you have given us about costings private?

Mr. Mukerjee.—It is better if they are kept confidential.

President.—I will ask you one more general question. It is a curious fact that all the Indian hosiery manufacturers, at least of Bengal, seem to turn out a quality a bit heavier than the imported article and that seems to hinder your power of competing with the foreign article. Why,

when the Japanese average weight of a pullover is 7 lbs. 4 ozs., should the weight of that you turn out be 8 or 10 lbs. a dozen? Don't you find that handicaps you in competing with the Japanese article?

Mr. Mukerjee.—That is partly due to the fact that when we started making woollen hosiery in Bengal the heavier quality of goods were in demand. Last year we found it difficult to sell our heavier goods in competition with the Japanese. These Japanese imports are of recent origin and they are coming in considerable quantities during the last two years. It was only last year that we had a keen competition between the two.

President.—It is likely that you would reduce your weight?

Mr. Mukerjee.—Yes.

President.—They have already done it in Ludhiana; there we find their weights are comparable.

Mr. Mukerjee.—They have a more extensive business and they have internal competition in their own market.

Mr. Dalal (Gujrat Hosiery Factory).—As regards Japan they manufacture their own machinery so that every year they put forward new types of machines which cost a very small amount compared to the price we pay for the English machinery.

President.—Are the Japanese selling machinery to India?

Mr. Dalal.—Very little. They have just begun to do it.

Mr. Rahimtoola.—With regard to the machinery I would like to understand one point. There is nothing special in the type of machinery which prevents a person from changing over from cotton to woollen and woollen to cotton without any difficulty or without any adjustment.

Mr. Kapoor.—There is no difficulty.

Mr. Rahimtoola.—Heavier and lighter both?

Mr. Kapoor.—No Difficulty.

Mr. Rahimtoola.—You can adjust it in whatever way you like.

Mr. Kapoor.—Either you can make pure wool or pure cotton.

Mr. Rahimtoola.—With regard to labour, is there any special skill or special experience necessary for the labourer?

Mr. Kapoor.—They can do the same.

Mr. Rahimtoola.—Practically it is the same work?

Mr. Kapoor.—Yes.

Mr. Rahimtoola.—The only difference lies in thread or yarn.

Mr. Kapoor.—They have to pay more attention to woollen garment than to cotton because it is sold at a higher price.

Mr. Rahimtoola.—But they are not paid more for the woollen than for the cotton?

Mr. Kapoor.—No.

Mr. Rahimtoola.—The charges are on a monthly basis.

Mr. Kapoor.—Piecework too. Supposing we have got two machines, and we manufacture woollen stuff, we have to employ two men one for each. If we begin to manufacture cotton stuff, we have to employ only one man who can look after both the machines at the same time because if the fabric is torn, it does not harm us much.

Mr. Addyman.—Is that due to the cotton thread being stronger?

Mr. Kapoor.—Not that. Woollen is costly. If woollen thread breaks, we have to lose much and in cotton we don't lose much.

Mr. Mukerjee.—The charges are slightly higher in the case of woollen goods.

Mr. Rahimtoola.—When did you start your Association in Bengal?

Mr. Mukerjee.—In 1924.

Mr. Rahimtoola.—What is the membership?

Mr. Mukerjee.—About 20 power factories in Calcutta.

Mr. Rahimtoola.—It consists of 20 members?

Mr. Mukerjee.—Yes.

Mr. Rahimtoola.—Are you the Secretary?

Mr. Mukerjee.—I am the Secretary.

Mr. Rahimtoola.—With regard to the machines, you have pointed out that the season for woollen goods is 4 to 5 months.

Mr. Mukerjee.—Yes.

Mr. Rahimtoola.—And the marketing of these goods in Calcutta is practically two months?

Mr. Mukerjee.—Yes.

Mr. Rahimtoola.—The majority of the factories employ themselves for 8 months on cotton?

Mr. Mukerjee.—Yes. For these heavier goods they can't utilise their machines.

Mr. Rahimtoola.—They have got to close down?

Mr. Mukerjee.—Yes.

Mr. Rahimtoola.—What would be the percentage who close down?

Mr. Mukerjee.—Most of the six factories close their woollen sections. They don't use these machines during the summer.

President.—Is it your point, that if we remove this tariff inequality, those six factories would be able to devote to cotton manufactures?

Mr. Kapoor.—Yes, we have said so. If the duty is raised to 12 annas on cotton vest, we will be able to manufacture cotton pullovers.

Mr. Rahimtoola.—You say a good selection of suitable yarn is always an important factor.

Mr. Mukerjee.—Yes.

Mr. Rahimtoola.—Is any technical experience necessary?

Mr. Mukerjee.—The better the yarn the less wastage and bigger the output.

Mr. Rahimtoola.—When do you select?

Mr. Mukerjee.—At the time of purchasing.

Mr. Rahimtoola.—Is there grading or sorting?

Mr. Mukerjee.—We compare various qualities and then select.

Mr. Rahimtoola.—There is a special man kept for this purpose.

Mr. Mukerjee.—We just feel them and see whether they are uniform in their width.

Mr. Rahimtoola.—Have you got sufficient experience of Indian woollen yarn?

Mr. Kapoor.—Yes.

Mr. Rahimtoola.—Have you made selections as you do in the case of cotton?

Mr. Kapoor.—Yes.

Mr. Rahimtoola.—What is your opinion of Indian yarn?

Mr. Kapoor.—They are as good as foreign. I have used Indian yarn for 3 years, 1929-30, 1930-31 and 1931-32. At the end of 1932 I used to get cheaper yarn from Japan.

Mr. Rahimtoola.—Is Japanese yarn inferior?

Mr. Kapoor.—I don't suppose so.

Mr. Rahimtoola.—That is not your experience.

Mr. Kapoor.—I think it is fluffy and we don't mind that. It is softer.

Mr. Rahimtoola.—You say you have kept yourself abreast of the times with regard to the latest machinery and plant.

Mr. Kapoor.—Yes.

Mr. Rahimtoola.—You go on purchasing new machines.

Mr. Kapoor.—We add one or two machines every second year.

Mr. Rahimtoola.—You keep yourself in touch with the machinery markets in London.

Mr. Kapoor.—Yes and in Japan.

Mr. Rahimtoola.—Most of the machinery you buy in London?

Mr. Kapoor.—Yes.

Mr. Rahimtoola.—On page 6 you say the prices of Japanese finished goods also have come down considerably. You mean the cost of manufacture?

Mr. Kapoor.—No.

Mr. Rahimtoola.—You say "We have no documents to prove it".

Mr. Kapoor.—The prices of Japanese finished goods have gone down on account of the prices of Japanese yarn.

Mr. Rahimtoola.—The prices have gone down. That is known to everybody.

Mr. Mukerjee.—We mean the direct quotations and invoices.

Mr. Rahimtoola.—*Mr. Kapoor* imports direct from Japan. He has got a representative for hosiery in Japan.

Mr. Kapoor.—I don't import woollen hosiery.

Mr. Rahimtoola.—Only the yarn?

Mr. Kapoor.—Yarn and other piecegoods I supply to import houses in Calcutta.

Mr. Rahimtoola.—With regard to the method of sale on page 8, you have described the Japanese method of sale of finished knitted goods. What evidence have you got in support of this? You have described in detail the method of sale of Japanese goods in India.

Mr. Kapoor.—They have got a big organisation in big towns like Bombay and Calcutta. They have got big shops and they give long credits to dealers throughout India and they are able to sell more quantities than we can afford to do, because we cannot give long credits to them and they have got various varieties of goods.

Mr. Rahimtoola.—The people with whom you deal are better known to you than the Japanese people to give long credits.

Mr. Kapoor.—They are known better to Japanese dealers than ourselves, because they have been doing their business for the last 25 or 30 years. We manufacturers have started only recently.

Mr. Rahimtoola.—But the credit goes to the other side. You have got to give credit if you trust the merchants sufficiently.

Mr. Kapoor.—It is difficult for manufacturers to give long credit.

Mr. Rahimtoola.—What is exactly the period of allowing credit?

Mr. Kapoor.—They give long credits for 6 or 7 months.

Mr. Rahimtoola.—They do realise the money.

Mr. Kapoor.—Yes.

Mr. Rahimtoola.—The duty at present is 35 per cent. *ad valorem* or Re. 1-2 per lb. and your proposal is that it should be 50 per cent. or Rs. 2-8 per lb. whichever is higher.

Mr. Kapoor.—Yes.

Mr. Rahimtoola.—What is your other proposal with regard to knitted garments?

Mr. Kapoor.—12 annas per lb.

Mr. Rahimtoola.—Or 35 per cent.?

Mr. Kapoor.—Yes.

Mr. Rahimtoola.—12 annas per lb. or 35 per cent.

Mr. Mukerjee.—Or 50 per cent. whichever is higher.

Mr. Rahimtoola.—And the preferential tariff?

Mr. Kapoor.—Yes.

Mr. Rahimtoola.—Is the tariff on British goods to remain the same?

Mr. Mukerjee.—It should be raised to 35 per cent.

Mr. Rahimtoola.—But the prices show that the British goods are not competing with you very much.

Mr. Kapoor.—No.

Mr. Rahimtoola.—Why do you want the duty to be raised?

Mr. Kapoor.—There is very little competition.

President.—It is not a matter on which you lay great stress?

Mr. Kapoor.—No.

President.—You have raised it to 35 per cent.

Mr. Mukerjee.—The import prices of British goods are generally high as compared with those of Japan and their quantity has been reduced considerably, but if the quantity is increased, then at the same level of prices at which they are coming, it will be difficult for us to carry on if the duty is not raised.

Mr. Rahimtoola.—The present duty has not troubled you very much.

Mr. Mukerjee.—Only in certain instances.

Mr. Rahimtoola.—On page 5 you have given us prices both Indian and foreign prices. In the case of Japan the price has gone down from Rs. 3-4 to Rs. 2-4. From Appendix A given at the end it will be seen that the British imports have gone down from nearly 3½ lakhs of lbs. in 1929-30 to about a little over a lakh of lbs. in 1933-34 and in respect of value also it has gone down from Rs. 16 lakhs to Rs. 4½ lakhs.

Mr. Mukerjee.—The average price per lb. is given on page 5.

Mr. Rahimtoola.—Therefore the British goods have not so far competed with Indian goods.

Mr. Mukerjee.—No. Their prices have not declined.

President.—Are there any types of hosiery from the United Kingdom which are not made in India?

Mr. Kapoor.—There are no such goods. 5 or 6 years back the whole of the woollen goods were coming from England. Since then Japan has come in.

Mr. Batheja.—Can you make any type of hosiery produced in any country?

Mr. Mukerjee.—Yes.

President.—Is this an Indian made shawl?

Mr. Mukerjee.—Japanese shawl. It is not a knitted fabric. It is an woven fabric.

President.—Are any knitted shawls coming into India?

Mr. Mukerjee.—Yes. They are somewhat wider than mufflers.

President.—The only sample we have had is from Rangoon where there seems to be a demand for Japanese knitted shawls.

Mr. Mukerjee.—Only a very small quantity is put on the Indian market.

Mr. Batheja.—Mr. Mukerjee, what class of people in the East of India buy your hosiery woollen knitted goods—lower, higher or middle classes?

Mr. Mukerjee.—Lower classes cannot afford to buy pure woollen goods. They always buy cheaper qualities which are suitable to them whether it is mixture or pure cotton.

Mr. Batheja.—Are they tending to buy this class of goods which are made of cotton?

Mr. Mukerjee.—There is great demand for that.

Mr. Batheja.—Has there been any change of fashion in this respect? That means to say has the demand of the Indian market for this class of hosiery goods increased on account of the change of ideas among the people, say the lower class and the middle class. The upper class always used imported goods. Has the total demand increased in your experience?

Mr. Mukerjee.—Yes.

Mr. Batheja.—In what class mostly?

Mr. Mukerjee.—Mostly the middle class want these things.

Mr. Batheja.—Even the Bhadralog of Bengal?

Mr. Mukerjee.—Yes, they are using it.

Mr. Batheja.—We were given to understand in the Punjab that even lorry drivers, chauffeurs and even labourers go in for this class of goods. Is that your experience in Bengal too? Do the lower class people go in for such stuffs?

Mr. Mukerjee.—It is not so much in evidence in Bengal, because the winter season is not so severe and long as it is in the Punjab. In the Punjab I have seen artisan classes using these goods.

Mr. Batheja.—On the whole you will say that the total consumption of this class of goods has increased.

Mr. Mukerjee.—Yes.

Mr. Batheja.—Will that explain partly the rise of a number of hosiery factories, because the demand has increased?

Mr. Mukerjee.—In Bengal there is no increase. All the 6 factories were started 5 or 6 years back. They are only increasing their output.

Mr. Batheja.—They are increasing their output.

Mr. Mukerjee.—Yes.

Mr. Batheja.—You have just now said that the fashions are changing and the middle classes are going in more and more for pullovers and the aggregate demand has increased. We have got some evidence in the Punjab. What is the state of things as regards the demand in Eastern India?

Mr. Kapoor.—The demand is increasing. Formerly the peasantry used cotton vests. Instead of cotton vests they used pullovers, because they can be had at a cheaper price and they are more fashionable.

Mr. Batheja.—There is a change of fashion?

Mr. Kapoor.—Yes.

Mr. Batheja.—We were given to understand that it is also more economical to buy pullover, because it serves the purpose of a waistcoat *plus* a coat.

Mr. Kapoor.—Yes.

Mr. Batheja.—Is that the reason?

Mr. Kapoor.—Yes, it lasts for a longer time.

Mr. Batheja.—If you will turn to the import statistics supplied by you in Appendix A, on your own showing you will notice the total imports of hosiery have declined?

Mr. Mukerjee.—As compared with 1929-30.

Mr. Batheja.—That is so?

Mr. Mukerjee.—Yes.

Mr. Batheja.—You have said that the demand is increasing. That means a wider market. The total imports have declined. Will it be a permissible deduction to say that the Indian industry is holding its own on the whole?

Mr. Kapoor.—Yes.

Mr. Batheja.—Do you think that the Indian industry is holding its own?

Mr. Kapoor.—Yes.

Mr. Mukerjee.—There are other reasons for this difference in figures. You will notice that in 1929-30 the quantity imported was 4 lakhs of lbs.

and the value was Rs. 20 lakhs. In 1933-34 the quantity imported was 231,136 lbs. and the value was Rs. 8,82,363. Thus you will see that the quantity has not diminished so much as the value.

Mr. Batheja.—Taking the aggregate consumption, you have said that the total demand has increased. If the total imports from outside have decreased, then it follows that the Indian industry has been progressing on the whole.

Mr. Mukerjee.—On the whole it is progressing, but due to the diminished purchasing power we are feeling difficulty.

Mr. Batheja.—The only serious difficulty is that the Japanese imports have increased in a marvellous fashion. On the other hand, the British imports and other imports have decreased.

Mr. Mukerjee.—Yes.

Mr. Batheja.—So, does it not follow that Japan has really been increasing its imports not at the expense of the Indian producer but at the expense of the other foreign importers?

Mr. Kapoor.—At the expense of both Indians and Europeans.

Mr. Batheja.—Do you think that Japan is increasing its imports at the expense of other foreign importers and also at the expense of the Indian producers?

Mr. Kapoor.—Yes.

Mr. Batheja.—Is there any evidence for the second statement?

Mr. Kapoor.—In the year 1929-30 the imports from Japan amounted to only 8,151 lbs. but in 1933-34 they have increased to 169,987 lbs.

Mr. Batheja.—You can substantiate your statement only by giving us the figures which must show that the total Indian output has gone down.

Mr. Mukerjee.—It is very difficult to give you the total Indian output because statistics are not available, but that they are competing with Indian products is evident from the fact that the price level of Indian products is going down and most of the manufacturers are losing.

Mr. Kapoor.—I can give you my experience. What I manufactured in 1932-33 I did not do in 1933-34 because of the Japanese competition. I had to manufacture only 25 per cent.

Mr. Batheja.—I have noticed that from your replies to the questionnaire, but is that also the experience of other firms in India?

Mr. Kapoor.—I cannot say definitely, but that is the experience in Calcutta.

Mr. Batheja.—Mr. Mukerjee, you refer to some internal competition between the Punjab and Bengal. There is some competition between Ludhiana products and the Bengal products?

Mr. Mukerjee.—Yes.

Mr. Batheja.—Who is getting the better of the competition?

Mr. Mukerjee.—They are under-selling.

Mr. Batheja.—Are the Ludhiana people under-selling Bengal products?

Mr. Mukerjee.—Yes.

Mr. Batheja.—You can only speak from Bengal experience that the Bengal output has gone down.

Mr. Mukerjee.—Yes.

Mr. Batheja.—That is true of Mr. Kapoor's own factory judging from the figures given in a separate memorandum, but is that true of the Bengal hosiery industry as a whole?

Mr. Mukerjee.—That is true.

Mr. Batheja.—Has the output gone down?

Mr. Mukerjee.—Yes.

Mr. Batheja.—You have not given us figures of output. I think the President asked you some figures of output of Bengal and you have not been able to give those figures. How do you make this statement then?

Mr. Mukerjee.—It is very difficult to give you figures.

Mr. Batheja.—How do you get your impression that the Bengal output is going down?

Mr. Mukerjee.—Most of the cottage factories remain closed down during the summer season.

Mr. Batheja.—You realise, don't you, it is rather difficult for us to take a vague complaint into consideration unless it is substantiated by facts and figures?

Mr. Mukerjee.—We quite recognise that, but at the same time I should like to point out that it is very difficult for us to secure those figures. As the factories are very small—being cottage industries—they don't keep any accounts and we cannot approach each and every one.

President.—Do you agree that the Punjabi is a better businessman than the Bengalee?

Mr. Mukerjee.—In what way?

President.—Does it follow from your assertion that the Punjabi businessman is a better businessman than the Bengalee?

Mr. Mukerjee.—In what respect?

President.—You say that the Punjabi is getting business in Calcutta at the expense of the Bengalee.

Mr. Mukerjee.—They have also got their market in Calcutta and they are in competition with our products, but I don't think that they are getting proper prices for their products. If they can make profit

President.—It is for them to say. If they are satisfied, there is no one else who requires to be satisfied.

Mr. Batheja.—What about the competition of the mill "made articles? You said that you were able to compete with Dhariwal and Cawnpore Woollen Mill products in reply to a question put by the President. I think Mr. Kapoor's prices are equal.

Mr. Kapoor.—Yes.

Mr. Batheja.—Are the qualities of goods comparable?

Mr. Kapoor.—Yes.

Mr. Batheja.—Given the same quality, the prices are equal.

Mr. Kapoor.—Yes.

Mr. Batheja.—The Bengal hosiery industry is able to hold its own against mill competition so far.

Mr. Kapoor.—Yes.

Mr. Batheja.—You don't fear that if the mill industry of India for lack of a better market were to turn its attention to hosiery manufacture, it would be able to wipe you out?

Mr. Mukerjee.—So far as hosiery manufacture is concerned, the bigger mill has no advantage because the process of hosiery manufacture is such that it does not admit of, say, division of labour or specialisation and classification of process as such.

Mr. Batheja.—I grant that so far as individual designs are concerned, the bigger mill has no advantage, but the bigger mill may be able to buy its raw material in bulk and therefore cheaper and may have a superior marketing organisation and better finance and may be able to engage men of better ability.

Mr. Mukerjee.—You mean technical men.

Mr. Batheja.—Yes.

Mr. Mukerjee.—There is not much scope for those things in the hosiery trade. They have to buy various qualities of yarn, and the market for

hosiery goods depends on changes of fashions. It has not got a standardised market.

Mr. Batheja.—Is it your experience that most of the Bengal hosiery concerns which are specialising in woollen hosiery are working at a loss?

Mr. Mukerjee.—Most of them excepting, I believe, one.

Mr. Batheja.—Is the loss partially explainable by the fact that the factories do remain idle for a good portion of the period and partially by the fact that there may be this difficulty of competition in apparels so far as cotton lines are concerned. Suppose a factory were able to manufacture in the slack season cotton pullovers or cotton hosiery goods and keep its plant fully employed, it will be able to bring down the cost of the woollen hosiery very much.

Mr. Mukerjee.—We think so.

Mr. Batheja.—Suppose this relief were granted to the Bengal Hosiery Industry, then do you still persist in the statement that the industry would be working at a loss?

Mr. Mukerjee.—That remains to be seen. If they can keep the plant fully engaged during the off season, I think they will be able to reduce their cost considerably.

Mr. Batheja.—Just now you are not able to compete with foreign cotton products because cotton hosiery goods are admitted into the country on a lower scale of duty than other cotton goods.

Mr. Mukerjee.—Yes.

Mr. Batheja.—Suppose this difficulty were removed and you were able to work throughout the year instead of part of the year, your overheads would go down and the costs of both woollen and cotton products would go down.

Mr. Mukerjee.—Yes.

Mr. Batheja.—In that case would the woollen hosiery factories be working at a loss? Have you thought over the problem? At present the serious handicap to the Bengal hosiery industry is that you have to work only for part of the year and so on and on account of the lack of suitable cotton market, you have to close down.

Mr. Mukerjee.—Yes. Even after that, our cost of production cannot be reduced to the level at which we shall be able to compete with Japanese goods.

Mr. Batheja.—You are able to make every article which is imported from Japan. There is no difficulty, is there, in producing any kind of article coming from Japan?

Mr. Kapoor.—We can produce everything coming from Japan.

Mr. Mukerjee.—But as regards the union, we cannot get the supply in India.

President.—You mean the mixed yarn?

Mr. Mukerjee.—Yes.

Mr. Batheja.—Suppose you are able to import mixed yarn, you can manufacture everything.

Mr. Mukerjee.—Yes.

Mr. Batheja.—You can manufacture cotton pullovers.

Mr. Mukerjee.—Yes.

Mr. Batheja.—As the President said, you can manufacture lighter qualities so as to compete more effectively with Japan.

Mr. Mukerjee.—Yes.

Mr. Batheja.—You said that you had not thought over this problem but you felt that you might be able to compete better if you made lighter goods.

Mr. Mukerjee.—Yes.

Mr. Batheja.—(Granting all these things, granting the present basis of the industry and granting that your cotton difficulties are over, will the hosiery industry of Bengal still be working at a loss? I am anxious to get at that.

Mr. Mukerjee.—We don't think we will be working at a loss if protection is granted against Japan. It is not possible to carry on without such protection.

Mr. Batheja.—Suppose you are able to work throughout the year?

Mr. Kapoor.—You mean if there is no protection against Japan.

Mr. Batheja.—You carry on on the existing basis.

Mr. Kapoor.—We will have to go on losing every year.

Mr. Batheja.—Do you think that the Japanese goods will flood the market?

Mr. Kapoor.—Certainly.

Mr. Mukerjee.—The import from Japan must be checked.

Mr. Batheja.—What are your intrinsic disadvantages as against Japan?

Mr. Mukerjee.—There is difference in the cost of production.

Mr. Batheja.—We shall come to that later on. On page 6, you have said that the Japanese yarn is getting cheaper.

Mr. Mukerjee.—Yes.

Mr. Batheja.—On the present basis of production, I take it that it is an advantage in your favour.

Mr. Kapoor.—It has gone up again.

Mr. Batheja.—If the prices of Japanese yarn go down, I take it that it is an advantage.

Mr. Kapoor.—At the same time the prices of Japanese imports go down.

Mr. Batheja.—Have the prices of finished goods also fallen proportionately?

Mr. Kapoor.—Yes.

Mr. Batheja.—You don't seem to have mentioned that fact.

Mr. Kapoor.—Please refer to page 6.

Mr. Batheja.—You anticipate that, do you?

Mr. Kapoor.—They have already come down, but we have no documents to prove that.

Mr. Batheja.—By the same percentage?

Mr. Kapoor.—Proportionate to the yarn consumed.

Mr. Batheja.—If there is no document to prove that, can you give us any idea of the proportion?

Mr. Kapoor.—10 per cent. Again the prices are going up because the prices of yarn are going up. They have gone up by 15 to 20 per cent. in the last two months.

Mr. Batheja.—What is the total fall in 1934 prices?

Mr. Kapoor.—In 1934, the price of 2/48s was 240 yen and it came down to 190 yen. It has again gone up to 210 yen.

Mr. Batheja.—Are the prices of finished goods also going up?

Mr. Kapoor.—Yes.

Mr. Batheja.—Is it possible that the fall is temporary in view of the Tariff Board's enquiry? Sometimes it does happen that importers rush in when an enquiry is ordered to be made by the Tariff Board.

Mr. Kapoor.—It is due to their getting the raw material cheaper from Australia. The prices of woollen tops go up and down every now and then like cotton prices.

Mr. Batheja.—On account of the speculation in the market?

Mr. Kapoor.—Yes.

Mr. Batheja.—Please refer to page 5. The average values of Japanese goods you have given range from Rs. 3.4 in 1929-30, then Rs. 1.8, 3.2, 1.3 and Rs. 2.4 in 1933-34. Mr. Kapoor, will you be able to explain this uneven variation? Has there been any change in the character of Japanese imports in these years?

Mr. Kapoor.—It was mainly due to the price of the Yen. In 1929-30 the price of Yen must have been very high.

Mr. Batheja.—It was not due to the change in the character and quality of the import?

Mr. Kapoor.—Mainly due to the change in the price of the Yen.

Mr. Mukerjee.—In 1931 the value of the Yen had appreciated and it might be that they had purchased their raw material at an advantage.

Mr. Batheja.—Coming to page 13 I should like to have more detailed information about the effect of any increase in the duty on yarns. It is possible to justify an increased duty on yarns by giving compensation in the shape of enhanced duty on finished goods. But suppose this advantage in the shape of cheap Japanese yarn which you enjoy just now is diminished by an enhanced duty, will you really be able to face the internal competition of organised mills in India?

Mr. Mukerjee.—It would create some difficulty.

Mr. Batheja.—By enhancing the duty on finished goods you might meet foreign competition. At present you have got advantage even over the mill industry of India because you are able to get Japanese yarn very cheap. Supposing Indian mills take increasingly to the production of hosiery your position in relation to them will become more unfavourable because you pay a higher duty on yarn. I want to understand the position more clearly whether you will be able to stand mill competition.

Mr. Mukerjee.—It would be rather difficult.

Mr. Batheja.—In view of that statement of yours are you prepared to protect the Indian yarn?

Mr. Mukerjee.—I have already stated that the views of my Committee are against the imposition of a duty.

Mr. Batheja.—What are the views of your Association as a whole?

Mr. Mukerjee.—The majority hold the view that if the Tariff Board finds that protection to the Indian spinning industry would help them in bringing down the cost of production within a reasonable period of time then they might put a duty on a sliding scale so that the effect may be that imports may be restricted in a progressive way.

Mr. Batheja.—Do you as an Association anticipate a reduction in the price of Indian woollen yarn within a reasonable period?

Mr. Mukerjee.—The difficulty is that the business is confined to a limited number of concerns and big concerns; if it was confined to smaller factories it might be expected that competition would immediately set in. There lies the difference.

Mr. Batheja.—You are probably aware that some Indian mills have got well equipped for the manufacture of hosiery; they are able to sell their goods at the same price as your goods just now; they can compete with you on even terms as Mr. Kapoor suggested. If the duty on yarn is enhanced your disability increases while the mills are placed at a less disadvantageous position. In that case will they be able to wipe you out or not?

Mr. Kapoor.—They will be put in a monopolistic position because it will be they who will supply the yarn and they who will produce hosiery.

Mr. Batheja.—I am placing before you some possible considerations. In view of these considerations and any other considerations which occur to

you, is your Association definitely in favour of a duty on yarn with a view to protecting Indian yarn?

Mr. Kapoor.—In view of what you say I should say they should not be protected.

Mr. Batheja.—You are withdrawing from the position you have taken up in the memorandum?

Mr. Mukerjee.—We have made a conditional statement there.

Mr. Batheja.—On page 14 you seem to suggest that the duty on hosiery goods has been increased for revenue purposes. That is not so. Action was taken under the Safeguarding of Industries Act.

Mr. Mukerjee.—That was the last one. In 1933 when the duty was raised to 18 annas per lb., that was under the Tariff Amendment Act of that year. But the former duties were all revenue duties.

Mr. Batheja.—I take it, Mr. Kapoor, to the extent that there is discrepancy between your statement and that of the Hosiery Manufacturers' Association, technically the Hosiery Association's statement supersedes your statement? You have suggested a slight different scales of duty; do you stick to your own scale of duties?

Mr. Kapoor.—No, the Bengal Hosiery Association's figures.

Mr. Addyman.—This morning you were referring to mixtures. You have described two types of mixtures in the case of Japanese hosiery yarn; one known as plaited mixture, that is one with cotton back, and the other you say is a mixture made up of cotton and wool in the process of spinning.

Mr. Mukerjee.—Yes.

Mr. Addyman.—It is not clear to me. That mixture which you have described as the plaited article would not deceive any buyer. With regard to the other mixture you have described, have you a sample of the Japanese article made of such a mixture? It is very important that the Board should have an opportunity to see some of the samples because I do not know that it is possible to mix cotton and wool in the process of worsted manufacture.

Mr. Kapoor.—I am sorry we have not got the samples with us.

President.—Are they the same type of article or are they coarser or heavier?

Mr. Kapoor.—They are softer.

President.—Mr. Addyman points out that the process of mixing wool and cotton in worsted yarn is not known to him.

Mr. Kapoor.—I will give you one sample. In the year 1933 I imported this mixed yarn and I made goods. If you like I will send you a sample and that will give you an idea. I made goods from the mixture and I think I have got samples which if you like I would send by post (shows invoice).

Mr. Addyman.—This is described as woollen and mixed hosiery yarn.

Mr. Kapoor.—Cotton and woollen tops were mixed together and then this yarn was spun.

Mr. Addyman.—At what time of the year do you commence to take seasonal orders for woollen hosiery goods?

Mr. Kapoor.—We generally manufacture them on our own account.

Mr. Mukerjee.—We cannot get forward orders.

Mr. Addyman.—You change your pattern every year?

Mr. Kapoor.—Yes.

Mr. Addyman.—Are they all your own designing?

Mr. Mukerjee.—They are all our own designing. Here are some which will give you an idea (designs shown). Here are some samples we designed the year before last and here are the latest designs; you will notice that none of them will agree.

President.—Where do you get your ideas from? Do you follow the taste of the public or create tastes?

Mr. Mukerjee.—Creating taste will be more applicable.

President.—How do you guess what the taste of the public is going to be?

Mr. Mukerjee.—I just compare and see that the new ones do not resemble the older design; that is all.

President.—The public wants something new every year and it is your duty to supply them?

Mr. Mukerjee.—Yes. Last year we found a certain class of buyers wanted plain ones and this year we have changed our designs accordingly.

Mr. Addyman.—If you are not making to orders you must run a considerable risk in some of the patterns which you produce?

Mr. Mukerjee.—We take that risk.

Mr. Addyman.—Rather a big risk, is it not?

Mr. Mukerjee.—Not a big risk.

Mr. Addyman.—You may have to sell these at a very heavy discount?

Mr. Mukerjee.—That is true.

Mr. Addyman.—Are the same methods followed by Japan and other foreign competitors, making of goods to stock in the hope of selling it?

Mr. Mukerjee.—They always make goods after making contracts.

Mr. Addyman.—You do not do that?

Mr. Mukerjee.—No, that is a disadvantage because of our local market.

Mr. Addyman.—They are coming into the same market, are they not?

Mr. Mukerjee.—Yes. The dealers know there is no good entering into a contract with a local manufacturer when he is there on the spot. When they know they will get their supplies they do not want to run the risk. That is the disadvantage of the local industry.

Mr. Addyman.—Then you have another risk apart from the question of design and that is the risk that your yarn prices will fluctuate?

Mr. Mukerjee.—Yes.



सत्यमेव जयते

HOSIERY MANUFACTURERS' ASSOCIATION, LUDHIANA.

**Evidence of Mr. MAHARAJ KISHEN ADYA, Chairman, and
Mr. H. R. DHANDA, Secretary, Hosiery Manufacturers' As-
sociation, Ludhiana, recorded at Bombay on Tuesday, the
26th March, 1935.**

President.—Mr. Dhanda, do you represent the Hosiery Manufacturers' Association, Ludhiana?

Mr. Dhanda.—Yes.

President.—Are you authorised to speak on behalf of anybody else in the Punjab?

Mr. Dhanda.—There are four Associations. One is the Raschael Committee consisting of all the manufacturers who have installed Raschael machines. This Hosiery Association comprises all of them.

President.—Does that relate to Ludhiana only or to the whole of the Punjab?

Mr. Dhanda.—Only Ludhiana.

President.—How many members have you in your Association?

Mr. Dhanda.—More than 100.

President.—Are there any manufacturers outside your Association?

Mr. Dhanda.—I don't think so. There might be some stray cases. Supposing a manufacturer starts to-day, he may not become a member for some time. He may not care or the Association may not know.

President.—You say that the manufacture by some of your members may have started fifty years ago although the woollen industry in the present form started in the year 1929. What do you mean exactly by that?

Mr. Dhanda.—I mean the industry was started some fifty years ago. There were some manufacturers as far back as that.

President.—Woollen manufacturers?

Mr. Dhanda.—Now they manufacture woollen goods, but at that time they were manufacturing mainly or perhaps only cotton goods. In some cases during the war, they manufactured woollen hosiery goods for military purposes.

President.—At that time where did they get their yarn from? In the old days were they using Indian yarn or imported yarn?

Mr. Dhanda.—I think they were getting Indian yarn.

President.—You state that the total capital invested in the hosiery industry amounts to fifty lakhs of rupees. How have you arrived at that figure?

Mr. Dhanda.—We arrived at that figure on the basis of the information we got from our members.

President.—Your own members?

Mr. Dhanda.—Yes. This fifty lakhs comprises about Rs. 15 lakhs which is not directly put in by manufacturers.

President.—Not in the form of machinery?

Mr. Dhanda.—I mean some merchants who deal in yarn or stock yarn have put in that money.

President.—Rs. 15 lakhs represents other than machinery?

Mr. Dhanda.—Yes.

President.—Rs. 35 lakhs is represented by machinery?

Mr. Dhanda.—Working capital and machinery.

President.—How much of the Rs. 35 lakhs is machinery?

Mr. Dhanda.—Rs. 10 lakhs machinery.

President.—And 25 lakhs?

Mr. Dhanda.—Working capital.

President.—And the other Rs. 15 lakhs is outside the manufacturing side?

Mr. Dhanda.—Outside the members, but they are directly interested in the industry—the yarn merchants and the colour and chemical merchants.

President.—They are outside your Association?

Mr. Dhanda.—Yes.

President.—We can take Rs. 35 lakhs as the amount invested in the industry proper.

Mr. Dhanda.—They are also directly interested. So far as the Association or the members of the Association or the manufacturers are concerned, it may be Rs. 35 lakhs; so far as the industry is concerned it is Rs. 50 lakhs.

President.—We had better stick to the industry as you know it because the ramifications of the subsidiary industries which supply you with colour, chemicals and so on would never stop. You would never know how far to go. Take the hosiery industry proper. As far as that is concerned, the capital invested amounts to Rs. 35 lakhs.

Mr. Dhanda.—Yes.

President.—You say that originally the block account, by which I take it you mean the money invested in buildings and machinery, stood at Rs. 12 lakhs. How far back do you go to reach this figure of Rs. 12 lakhs?

Mr. Dhanda.—We can go to the day we started, but previous to 1929, there was not much of block money.

President.—Not much money invested in machinery?

Mr. Dhanda.—No.

President.—Has the Rs. 2 lakhs been written off by depreciation?

Mr. Dhanda.—Yes.

President.—Is that mostly written off since 1929?

Mr. Dhanda.—I think so.

President.—These figures you have taken from the accounts of your members.

Mr. Dhanda.—Yes.

President.—Are they reliable?

Mr. Dhanda.—I think so.

Mr. Batheja.—Does Rs. 35 lakhs include the value of buildings?

Mr. Dhanda.—Yes.

President.—As a rule, buildings are hired or are they included in the block account?

Mr. Dhanda.—Buildings are included in the block account, but they are mostly hired.

President.—If they are hired, the rent comes into the manufacturing cost.

Mr. Dhanda.—Yes.

President.—They may not be included in the block account.

Mr. Dhanda.—No.

President.—What do you mean by full-jacquard?

Mr. Dhanda.—That is having a cylindrical dial.

President.—That is for knitting designs.

Mr. Dhanda.—Yes. That is the latest type of machine.

President.—We should have appreciated it more, I think, if you had given us exact figures instead of round figures in your reply to question 3?

Mr. Dhanda.—In each case?

President.—The number of machines worked by power you say is about 5 per cent. It is always better to have extreme accuracy in these cases because

the percentages have a way of getting wrong when you add them up. Can you give the exact number of machines?

Mr. Dhanda.—We can supply that information later on.

President.—You say in the same answer "Whole time workers are about 5,000 and part time workers about two thousand". That is rather vague. The difficulty is that the numbers vary, don't they, at different times of the year.

Mr. Dhanda.—They do.

President.—The whole time workers you say are about 5,000.

Mr. Dhanda.—By whole time we meant those people who were working in the factories. Sometimes people come to the factories and take the work to their homes.

President.—By whole time workers you mean whole time workers for four months in a year.

Mr. Dhanda.—Mostly.

President.—The part time workers do work in their houses.

Mr. Dhanda.—Yes.

President.—Does that mean that there are machines in their houses or do they work by hand?

Mr. Dhanda.—By hand.

President.—To what do you put down the great rise in the size of the industry after 1929?

Mr. Dhanda.—The introduction of the woollen hosiery.

President.—What was the cause of the introduction of woollen hosiery?

Mr. Dhanda.—The real cause was the non-co-operation movement.

President.—How exactly did that turn you on to woollen?

Mr. Dhanda.—In 1930 when the non-co-operation movement started artificial silk goods were mainly manufactured in Ludhiana and when the movement started there was a boycott of that stuff and we had nothing but to take recourse to woollen goods.

President.—People turned off from artificial silk to the woollen goods?

Mr. Dhanda.—Besides, the artificial silk stuff was mostly used as a luxury and not a necessity.

Mr. Rahimtoola.—You were not allowed to import yarn because of the non-co-operation movement?

Mr. Dhanda.—Not only that but the very appearance of the artificial silk showed that it was foreign.

President.—When you started manufacturing woollen hosiery what yarn were you using?

Mr. Dhanda.—We were using R. D. quality.

President.—Was that imported?

Mr. Dhanda.—No, it was Indian mill made.

President.—Where did it mostly come from?

Mr. Dhanda.—From the Raymond Woollen Mills.

Mr. Batheja.—Anything from Dhariwal or Cawnpore?

Mr. Dhanda.—They used to come much earlier than that, in 1926 or 1927.

President.—In 1929 when the industry started, most of the yarn came from Bombay?

Mr. Dhanda.—Yes.

Mr. Batheja.—Was there any special reason for not getting any yarn from Dhariwal?

Mr. Dhanda.—Before 1926 we were getting some yarn from Dhariwal but the goods turned out from that yarn could not be sold in competition. Once there was a meeting of the sub-committee of the Punjab Government where the

Chairman of the Dhariwal and Cawnpore Mills, Mr. Lewis, was present. He said that he was prepared to offer very favourable terms to us and we agreed to pay even a little more for their yarn than we were paying for mill yarn from Bombay because it was nearer to us provided we got it at a price at which we could compete.

Mr. Batheja.—Provided they sold you yarn at a lower price?

Mr. Dhanda.—Yes.

President.—At that time the Dhariwal mill was competing in hosiery articles with you?

Mr. Dhanda.—Yes.

Mr. Batheja.—The Raymond mills' quotations were lower than that of Dhariwal or Cawnpore?

Mr. Dhanda.—Yes. In 1925 Raymond was not coming; in 1929 when we began to take yarn from Raymond woollen mills Dhariwal was not coming in because the former was cheaper.

President.—Turning to question 4, your output of the pullover type of hosiery was very greatly increased in the last 3 years. The demand for mufflers has fallen off: has it become unpopular?

Mr. Dhanda.—Not fallen off but competition has been severer.

President.—You mean there are more imported mufflers?

Mr. Dhanda.—Yes.

President.—I notice that the output of socks and stockings is also coming down.

Mr. Dhanda.—In other parts of India manufacture is going on, but it is chiefly due to foreign competition.

President.—Chiefly Japanese socks?

Mr. Dhanda.—Both China and Japan socks?

President.—Is this manufacture of cotton pullovers a new thing entirely?

Mr. Dhanda.—It started in 1934.

President.—They are made on the same machine?

Mr. Dhanda.—Yes.

President.—What has induced you to start manufacture of cotton goods? Is it in order to keep the machinery going the whole year?

Mr. Dhanda.—And also that the labour employed should not be dispensed with.

President.—Do you find a ready market for your cotton goods?

Mr. Dhanda.—Yes, if we can supply at competitive rates.

President.—Which apparently you can?

Mr. Dhanda.—No.

President.—Otherwise how do you suddenly produce 50,000 lbs. of cotton pullovers?

Mr. Dhanda.—To keep ourselves busy and keep the people employed. We were not making profits for sometime. In some cases there may be a certain percentage of loss.

President.—Is this in connection with your application for the alteration of the tariff schedule?

Mr. Dhanda.—We expected last year that the defect in the tariff, namely the assessment of knitted garment prepared out of knitted fabric at 35 per cent. would be removed, because when a knitted garment was prepared out of knitted fabric the waste was left over in Japan so that naturally it should be assessed at a much higher and not lower rate.

President.—You undertook manufacture of cotton hosiery goods in the belief that the duty which was going to be put on cotton hosiery would also apply to garment?

Mr. Dhanda.—That is so.

President.—And in the Tariff Act of 1934 garments were classed separately and had a duty of 85 per cent. only. That is your point?

Mr. Dhanda.—Yes.

President.—I think we need not go into that in a greater detail; we had some evidence yesterday on the same point. What is the head "Miscellaneous"?

Mr. Dhanda.—Childrens' jerseys, suits, underwears, balacava caps, jumpers and so on.

President.—The demand for those is increasing?

Mr. Dhanda.—Yes.

President.—I notice your output has increased during the last few years?

Mr. Dhanda.—The demand was there but we were not manufacturing these but now we have started manufacturing them.

President.—Your answer to question 7 is really an accusation against the retail trade of passing off of as "woollen" garments which are imported as mixtures. Do you mean to say the retailer actually puts "all wool" labels on them?

Mr. Dhanda.—They don't put anything. The stuff which is imported from Japan has only one label. They remove this.

President.—The charge comes to this that these garments look alike; there is nothing to show whether they are woollen or cotton?

Mr. Dhanda.—Perhaps they remove the labels. The term "woollen" is said to contain mixtures and the term "pure wool" or "all wool" is used generally in the case of garments to which labels are attached that they contain cent. per cent. wool. That label they remove.

President.—Your point is that the retailers do nothing to explain to the buyer whether it is a mixture or not?

Mr. Dhanda.—Not only that. My impression is that they sometimes pass off mixtures as pure woollen goods.

President.—That is a matter which we cannot tackle.

Mr. Dhanda.—Mixtures should not be allowed to be passed off as pure wool.

President.—That is all right so far as Customs go. When they once come in it is impossible to prevent dishonest retailers from passing off as woollen something which is not.

Mr. Dhanda.—Suppose a mixture comes wherein they have got 20 per cent. wool and that is passed off by the Customs as containing only 14 per cent. wool. How can that be effected by the Customs; there are no experts in it and it is not easily distinguishable whether it contains 14 per cent. or 20 per cent. wool. For assessing purposes they say that a certain article contains less wool and when passing it off in the market the retailer says it contains more wool.

President.—Whatever you do in the Customs, the defect would remain; you cannot prevent the retailer from selling something as woollen which is not woollen and in order to counteract that you will have to put a heavier duty on mixtures than you will do on pure wool.

Mr. Dhanda.—In the interest of the industry standardised mixtures should not be allowed to be passed off as woollen.

President.—Even if you treat them as all wool for Customs purposes they would still be sold at a much lower price than all wool and there would be the temptation.

Mr. Dhanda.—You have got the specific duty. If they are assessed heavily those importers would not try to import such goods which could provide them some advantage and at the same time they could mislead the public.

President.—The only point I am trying to make is that this evil cannot be cured entirely by Customs tariff. Even if they are made liable to a

specific duty the price at which the retailer would retail them would still be lower than that of all wool and there would still be temptation to pass off these goods as all wool, and avoid the duty being paid.

Mr. Dhanda.—We would accuse Government of not having assisted us which they originally could.

President.—What proportion of your 100 factories has obtained work in the off season?

Mr. Dhanda.—I think perhaps 5 per cent. We have not collected figures but it is a very small proportion.

President.—The tendency now is for Japanese prices to rise?

Mr. Dhanda.—This year the price was reduced. Last year it was something like Rs. 2-10 per lb. in the Indian market.

President.—These prices you have given in answer to question 13.

Mr. Dhanda.—They are all up to 1934.

President.—What is the price to-day of Japanese merino?

Mr. Dhanda.—About a month ago the price was about Re. 1-14 and I understand there is again some rise. They are about Rs. 2 per lb.

President.—The prices in 1934 were higher than in 1933.

Mr. Dhanda.—Yes.

President.—And they fell again at the end of 1934.

Mr. Dhanda.—Quite so.

President.—Lower than these prices you have given here.

Mr. Dhanda.—Lower than Rs. 2-12. They are practically Rs. 2 again in the year 1935.

President.—The yarn is 2/40s.

Mr. Dhanda.—Yes.

President.—It went down to Re. 1-14 and it has now gone up again.

Mr. Dhanda.—It is Rs. 2 per lb. I would not say it went down to Re. 1-14, but went up to Rs. 2-2 and went down to Rs. 2.

President.—Has the Indian price of Rs. 3 per lb. remained constant?

Mr. Dhanda.—I was not in touch with the Indian price. The price of Indian yarn was higher and it was not so attractive as the consumer would desire.

President.—You are not using Indian yarn since 1932?

Mr. Dhanda.—No.

President.—Have they made any efforts to sell their yarn?

Mr. Dhanda.—Yes.

President.—Have you tried it?

Mr. Dhanda.—We didn't feel inclined to try it. We knew everything about that. The prices were higher and the goods turned out of these yarns were not so attractive as those turned out from Japanese yarns.

President.—What is the defect, in your opinion, of Indian yarn in quality?

Mr. Dhanda.—It doesn't contain the finish. It is not so soft as the Japanese yarn. Japanese yarn shows after the article is finished, as if it is made from superior yarn just like the English or the French yarn.

President.—You don't get that finish in the Indian yarn?

Mr. Dhanda.—No. The Indian yarn is also not even. It doesn't contain fullness. It is not so elastic. The qualities mostly needed for hosiery yarn are not there.

President.—The Indian mills deny this entirely. They claim that their yarn is as good as the Japanese yarn and they are surprised to hear that there have been complaints about it.

Mr. Dhanda.—That is not the point. I would give credit to the Indian yarn so far as the strength is concerned. I would say that it is much better in strength. From the point of view of wearing quality, the consumer might be interested to use the stuff made from Indian yarn, but in appearance there is a lot of difference.

Mr. Batheja.—What do you mean by fullness in reply to the President?

Mr. Dhanda.—The yarn which contains this quality, if it is 2/16s, will appear as if it is 2/12s. 2/40s yarn, if it is full, will appear as 2/32s and the stuff will be thicker in feel, though not heavier in weight.

Mr. Batheja.—Does this quality exist in English yarn?

Mr. Dhanda.—Yes.

Mr. Batheja.—Is this quality more to be found in the Japanese yarn than in the English yarn?

Mr. Dhanda.—Japanese, English and French yarn.

Mr. Batheja.—Are they equal in fullness?

Mr. Dhanda.—Yes.

Mr. Batheja.—Is the Japanese softer?

Mr. Dhanda.—Yes, than English yarn.

President.—I think during our visit to Ludhiana we were told that Japanese yarns had not the lasting quality.

Mr. Dhanda.—Quite so.

President.—They fluff in wear.

Mr. Dhanda.—Yes.

President.—That complaint remains.

Mr. Dhanda.—Quite so.

Mr. Addyman.—Will you compare these two yarns? (Samples shown.) They are both of equal counts. Which would you prefer?

Mr. Dhanda.—This one is better. (Sample shown.)

Mr. Addyman.—In what way?

Mr. Dhanda.—So far as strength is concerned.

Mr. Addyman.—This is Japanese and the other one is Indian. (Samples shown.)

Mr. Dhanda.—The Indian Woollen Mills' stuff we would always use. The Indian Woollen Mills is approved by us.

Mr. Addyman.—You have found Indian yarn satisfactory?

Mr. Dhanda.—Yes.

Mr. Addyman.—We understood that the Indian worsted yarns were not satisfactory?

Mr. Dhanda.—The Indian Woollen Mills supplied yarn which was satisfactory, but they didn't supply in large quantities.

Mr. Addyman.—The Board understands that you would not object to buy the Indian yarn?

Mr. Dhanda.—No.

Mr. Batheja.—You would subject the yarn to the machine test?

Mr. Dhanda.—That is the best test.

President.—You have complained about the rates of depreciation allowed by the Income-tax Department. You have no very long experience yet, have you, of the life of machinery? On what is your recommendation based that they should be 15 per cent. on the knitting machines and 20 per cent. on the sewing machines?

Mr. Dhanda.—By the experience of wear and tear of the machinery that we have been using.

President.—Since 1929?

Mr. Dhanda.—Even earlier than that too. Some Indian machinery has been manufactured.

President.—The Indian machinery gives you less wear than foreign machinery.

Mr. Dhanda.—It is less durable.

Mr. Addyman.—Is the life of the Indian machinery not so long?

Mr. Dhanda.—No.

Mr. Addyman.—The production from Indian machines is less.

Mr. Dhanda.—Yes, because it cannot be run quicker.

President.—Have the Income-tax Department made any enquiries into the life of Hosiery machinery?

Mr. Dhanda.—They enquired generally from some of the Ludhiana manufacturers last year.

President.—They are not yet satisfied with the experience available and they refused to increase their rates.

Mr. Dhanda.—I learn unofficially that they have increased it to 10 per cent. instead of 5 per cent.

President.—That would be more satisfactory?

Mr. Dhanda.—Yes.

President.—It seems to be true that while the specific minimum duty is applicable to hosiery industry in other parts of India, it is less applicable to the kind of article which you are turning out. The reason for that is, I understand, that your garments and articles are, on the whole, much lighter than that turned by the hosiery industry elsewhere.

Mr. Dhanda.—Not only that. We manufacture all types, the lighter as well as the heavier, but mostly it is true that we manufacture cheap stuff in larger quantities.

President.—The specific minimum duty is applicable on weight.

Mr. Dhanda.—Yes.

President.—If the weight is less then the *ad valorem* duty becomes applicable more quickly than the specific duty.

Mr. Dhanda.—Yes.

President.—Do you, in your manufactures, try to keep more or less the weights of the foreign article which come in so that you can compete with it?

Mr. Dhanda.—I cannot follow you.

President.—If the weight of a Japanese pullover is about 6 oz. you try to make your weights more or less the same?

Mr. Dhanda.—No.

President.—Does that not have an effect on the market? If you turn out an article weighing 8 oz., whereas the average weight of the Japanese article is 6 oz., the Japanese article must be cheaper.

Mr. Dhanda.—Yes.

President.—Does that give them an advantage in the market?

Mr. Dhanda.—I would look at it from another point of view. If we turn out articles of the same weight, we could not possibly sell anything. When we shift from the general line, we prepare some goods different in weight and the retailer has not got to compare the prices.

President.—He is content to point out that the Indian article is heavier.

Mr. Dhanda.—Yes. Heavier article—better stuff like that. Generally the manufacturer would get a better margin if he turned out something which is not manufactured in other places.

Mr. Addyman.—Has not the tendency been in the last few years on the part of buyers to buy articles of reduced weight?

Mr. Dhanda.—My experience is the reverse.

President.—I understand that you don't fear the competition from Indian mills which are turning out hosiery?

Mr. Dhanda.—Why should we?

President.—Are they not able to produce goods cheaper than yourself?

Mr. Dhanda.—I don't say that. At present, they are not.

President.—Supposing it were found necessary in the interests of the woollen trade to put a duty on foreign yarn so that you were compelled in your own interests to use Indian yarn, would you be afraid that these mills which are manufacturing both yarn and hosiery would have an advantage over you?

Mr. Dhanda.—I don't think so. There will be other mills installed in the country.

President.—Your only anxiety is that you should get all the yarn you want at a reasonable price. If you get that, then you will be able to compete with the mills.

Mr. Dhanda.—Yes. What I want to suggest is that in case the Raymond Woollen Mills manufactured yarn and hosiery goods there would be other mills installed in India which would prepare yarn at competitive prices. The yarn manufacture is one thing and hosiery manufacture is another.

President.—Do you anticipate that there may be mills which will concentrate on the manufacture of yarn?

Mr. Dhanda.—Naturally, I do.

Mr. Addyman.—In addition to the existing mills?

Mr. Dhanda.—Certainly, and besides the newcomers will be in such an advantageous position that we will prefer them.

President.—Whether that can come to pass will depend upon the demand for hosiery yarn from the hosiery industry. At present there is no doubt that the spinning mills of India are quite able to supply all the hosiery yarn that is wanted. Do you anticipate that the hosiery industry will spread so that the demand for yarn will be much greater?

Mr. Dhanda.—I don't mean that. If the present mills are able to produce in sufficient quantities and if they are competing with us in their manufactured goods, that can only be possible when they are not making larger profits in their yarn. If they make larger profits in their yarn, naturally some other people will come in.

President.—Supposing the yarn was allowed to come in duty free, a large mill using foreign yarn and turning out hosiery goods would be able to produce cheaper than yourself.

Mr. Dhanda.—I could not follow.

President.—Supposing instead of putting a duty on yarn we reduced the duty on yarn so that it came in very cheap and that the large scale mills which make hosiery to-day were induced to extend their hosiery plant and use the foreign yarn—supposing the foreign yarn was cheaper than they could make it themselves—would you say that they would be able to destroy the small hosiery factories?

Mr. Dhanda.—No.

President.—The bigger scale industries have got no advantage over the small scale industries.

Mr. Dhanda.—At least not at present.

Mr. Rahimtoola.—Especially in the hosiery trade?

Mr. Dhanda.—Yes.

President.—In paragraph 10, you refer to special railway freight concessions. Can you tell me what special concessions do they enjoy?

Mr. Dhanda.—The railway freights are very high at present.

President.—It is the special concessions that I want to get at. Do you mean that the goods coming from ports to up-country stations are carried at

lighter rates than the goods from up-country stations to ports? Is that a fact?

Mr. Dhanda.—Yes.

President.—Do foreign goods going from Calcutta to Ludhiana pay less freight than the goods from Ludhiana to Calcutta?

Mr. Dhanda.—Not exactly that. From some centres to other stations the railways allow concessions.

President.—That is the ordinary concession for a longer mileage.

Mr. Dhanda.—No.

President.—It is common knowledge that railways in order to get the maximum freight give concessions like this. They will charge less for a journey from Calcutta to Cawnpore than say from Calcutta to a smaller station nearer Calcutta.

Mr. Dhanda.—Concerns in Madura and Cawnpore enjoy a special concession. Then there is a special rate from Ludhiana to Ahmedabad.

President.—What is the point of that?

Mr. Dhanda.—The railways allow special concessions if the goods are exported from Ahmedabad or Madura to other stations.

President.—Is that because they get a bigger traffic from Ahmedabad?

Mr. Dhanda.—They have allowed some facilities to these manufacturing centres. So what I was driving at is this. Ludhiana at present is manufacturing sufficient quantities of hosiery goods. The difficulty is that goods from foreign countries first go to Calcutta and so we have to compete at the Calcutta market and we have to send our goods to Calcutta. From there they are again distributed. Therefore we are at a disadvantageous position. We would suggest that instead of class IV, the hosiery goods should come under class II. Now our hosiery goods are put under class IV at owner's risk and under class VI at the railway's risk. We would desire that the goods carried at the owner's risk be put under class II instead of class IV and those carried at the risk of the railway be put under class IV instead of class VI.

President.—What difference would it make in your rates?

Mr. Dhanda.—A difference of 25 per cent. reduction in freight.

President.—Here is another little point which I did not quite understand. Several manufacturers have told us that if they had protection for ten years they would be able to reduce their costs by 4 or 5 per cent. annually. How did they arrive at that calculation? Why should the reduction be so mathematically exact?

Mr. Dhanda.—That is not an exact figure mathematically arrived at. That is what experience shows.

President.—I understand that the chief causes for your reduced costs will be the reduction in overheads and the increased efficiency of labour owing to the fact that you will work for 12 months instead of four months. Is not that a factor which would operate more greatly in the first year or do you anticipate that the efficiency of your labour would go on increasing year by year?

Mr. Dhanda.—I agree with you that the efficiency will go up to a certain figure in the first year and will not go in the same proportion in the second year. We cannot at the same time expect in the very first year all the efficiency to be obtained.

President.—So far as the distribution of overhead is concerned, that will operate immediately. Directly your output is doubled, your overheads are halved.

Mr. Dhanda.—That will also have effect correspondingly because in the first year it might be double and in the next year it might be treble and so on.

President.—Do you mean that the output will increase?

Mr. Dhanda.—Yes. As the efficiency is increased every year, so the output will also go up.

President.—That is all I have to ask you generally. I shall ask a few questions about costings later on in private.

Mr. Dhanda.—We have no objection to our costs being discussed in public.

President.—Take your Statement D. Muffler is not one of your chief articles, is it?

Mr. Dhanda.—Not at present.

President.—Do you anticipate that the demand remains constant for mufflers?

Mr. Dhanda.—The demand is there.

President.—There is a misprint. You say that the total c.i.f. price per dozen is Rs. 7-3. It is the landed price, is it not?

Mr. Dhanda.—Yes.

President.—This was the price during the year 1934.

Mr. Dhanda.—Yes.

President.—Your prices differ from those quoted in Rangoon. Are you aware of the reason? Your yarn price is higher than in Rangoon.

Mr. Dhanda.—By how much?

President.—Your total cost of yarn is Rs. 6-15 whereas their total cost of yarn is Rs. 6-4-3. Their gross weight is 2 lbs. 10 oz. and in your case it is 2 lbs. 11 oz.

Mr. Dhanda.—There might be a difference in the total weight.

President.—There is a difference of only one ounce.

Mr. Dhanda.—They may not be calculating the shortage.

President.—You say the gross weight is 2 lbs. 11 oz.

Mr. Dhanda.—What is theirs?

President.—2 lbs. 10 oz.—practically the same.

Mr. Dhanda.—The price is not practically the same. Let me work it out.

President.—You may work out afterwards. It does not really affect the question. The total cost of their yarn is Rs. 6-4-3 as against your cost of Rs. 6-15. Your total weight is 2 lbs. 11 oz. as against 2 lbs. 10 oz. in their case. The finished weight of your article is 2 lbs. 4 oz. and theirs is 2 lbs. 6 oz.

Mr. Dhanda.—There lies the difference.

President.—They used 2 lbs. 10 oz. and their wastage is less than yours.

Mr. Dhanda.—They may not be getting that experience. That I can show you by facts and figures. The waste approximately comes to that.

President.—I am only pointing out that the cost of yarn is cheaper in Rangoon.

Mr. Dhanda.—They are perhaps getting directly. That might be the case.

Mr. Batheja.—Is it due to the fact that you are getting at an up-country station whereas they are getting it at the sea port?

Mr. Dhanda.—Yes. There is the margin of middlemen. We are getting through importers.

President.—Do you pay no rates and taxes in Ludhiana to be added to your production costs?

Mr. Dhanda.—No.

President.—No municipal rates?

Mr. Dhanda.—No.

President.—What about the insurance which you omitted from your estimates?

Mr. Dhanda.—There are only two limited concerns. They are paying insurance. We did not calculate that.

President.—Only the limited companies show that?

Mr. Dhanda.—Yes.

President.—Is no octroi levied?

Mr. Dhanda.—Yes.

Mr. Batheja.—Is that included in the price of yarns?

Mr. Dhanda.—Yes.

President.—How have you calculated your depreciation in these costings?

Mr. Dhanda.—About 5 per cent. on the machinery. We took a general figure like that. There is a Raschael machine which cost Rs. 5,000.

President.—Is it an average?

Mr. Dhanda.—So far as depreciation is concerned it works out at 5 per cent. on the block account.

President.—And interest on working capital?

Mr. Dhanda.—9 to 12 per cent.

President.—On what?

Mr. Dhanda.—On the capital that is invested.

President.—Your selling expenses you have calculated at 5 per cent.?

Mr. Dhanda.—That is actually commission we pay to our agents.

President.—Do the bulk of your members incur selling expenses?

Mr. Dhanda.—Yes. We are engaging agents; we pay them 5 per cent. In some cases we pay even higher.

President.—Have you any organisation such as an association for selling or do different members make their own arrangements?

Mr. Dhanda.—We have no organisation for selling.

President.—You usually have paid agents; what does the small men do?

Mr. Dhanda.—They do not sell outside. They too engage agents. Very small people sell in Ludhiana. There are people who buy from them and sell outside posing themselves as manufacturers. There are a good many of these people who even supply the yarn to these small manufacturers.

President.—That is the common practice in the Punjab?

Mr. Dhanda.—Yes.

President.—I notice you have put down a pretty heavy percentage for climatic losses. How do you incur that?

Mr. Dhanda.—The imported yarn is charged on the 10 lbs. basis but when it is dyed there is actually a shortage of 10 to 12 per cent.

Mr. Addyman.—Is your imported yarn scoured?

Mr. Dhanda.—Yes.

Mr. Addyman.—There is 10 per cent. wastage for scouring and it loses 10 per cent. again?

Mr. Dhanda.—Yes. It contains moisture up to 18 per cent. Once I got directly from England some yarns and there was actually a loss in weight and I wrote to those people and they sent me certificates from testing houses showing the weight. So although the weight was actually less I had to pay fees for that besides getting nothing from those people. They wrote that the yarn could contain up to 18 per cent. moisture and here due to climatic conditions the same article weighed 10 per cent. less again.

Mr. Addyman.—Was that an isolated case or is it your general experience?

Mr. Dhanda.—That is the general experience.

Mr. Addyman.—It is an experience different from what we have been given by other manufacturers or yarn importers.

Mr. Dhanda.—Yarn importers could not have that experience at all.

Mr. Addyman.—Also manufacturers.

Mr. Dhanda.—I could not challenge them. But that is my general experience. If you happen to have a bundle of yarn, you put it in the air for some time and then weigh it, you will see that there will be a difference in the weight.

President.—Is this the difference in yarn after dyeing and before dyeing?

Mr. Dhanda.—If there is anything alien in it, e.g., oil, that will also be removed.

President.—Dyed weight is less by 10 per cent.?

Mr. Dhanda.—Yes, than the weight charged.

President.—It is an entirely new experience to me that scoured yarn should lose 10 per cent.

Mr. Dhanda.—That is our experience.

President.—Is this due to the peculiarly dry atmosphere in the Punjab?

Mr. Dhanda.—May be.

President.—I don't find anything like that mentioned in the other provinces.

Mr. Dhanda.—They may not have taken the trouble of doing that. We calculate on a different basis by which we arrive at the valuation. We take four bundles of yarn; we dye it where it has to pass through all the operations. We then see how many dozens are there. We obtain so many dozens out of so many bundles; per dozen it comes to so much and the total weight comes to so much. From that we calculate our waste and we find in some cases when the weight at the time of shipping is 10 lbs., the dyed weight comes to 9½ lbs.

President.—Does it ever weigh more?

Mr. Dhanda.—No. This is specially the case with the Japanese yarn. If you want it I can manage to get a bundle from here and show that the shortage in weight is so much.

Mr. Addyman.—If you expose yarn to the sun and then place it in a cooler atmosphere it will again recover what it has lost.

Mr. Dhanda.—You will see that it does not regain the weight even if you put it in the shade after exposing it to the sun.

Mr. Addyman.—Other people have told us definitely that there is no shrinkage.

Mr. Dhanda.—I would challenge them. My statement can be proved only by weighing the bundle. Even now if you weigh the bundle as it is without exposing to the sun I can show you that it will weigh less if exposed to the sun for some time.

President.—If the Japanese do not guarantee

Mr. Dhanda.—I can manage to get some English or Continental yarn. I am positive about my allegation.

President.—These are statements of suggested costings drawn up for the purposes of discussion by Mr. Addyman (handed in). If you compare the first page with your own statement C, you will see that this statement arrives at a costing of Rs. 32.7 against your own of Rs. 35.10.

Mr. Dhanda.—The overhead is calculated on some definite percentage.

President.—Cost to dye including overhead is put at 3.75 annas per pound.

Mr. Addyman.—I should rather say one anna; the cost of dyeing should not be more than 1.2 annas. Labour and material 2.75 annas.

Mr. Dhanda.—In my own factory it might be that.

Mr. Addyman.—This is based on an efficient working of the factory.

Mr. Dhanda.—In some cases it comes to that but we had to take a general figure.

Mr. Addyman.—Yours is an average?

Mr. Dhanda.—Yes. Overhead is calculated on the basis of 25 per cent., even more than that.

Mr. Addyman.—Winding we have taken at 3 pies, 3 pies for labour and 3 pies for overhead.

Mr. Dhanda.—That is about 50 per cent.

President.—In many cases of course your overhead may be much less.

Mr. Addyman.—These costings have been drawn up to be as fair to you as possible. I could have made it much lower.

Mr. Dhanda.—That is what I say, that you have been liberal in these small matters!

Mr. Addyman.—We have allowed 3 annas for knitting.

Mr. Dhanda.—Have you under consideration knitting on circular machines?

Mr. Addyman.—I have taken the average. What is your production on a circular machine per day of a pattern pullover?

Mr. Dhanda.—In efficient factories it might be about 20 lbs. and in others generally it is 10 lbs. In my factory it is between 10 and 20 lbs. There are different types of machines: in some cases it is 10, in some 20 lbs.

Mr. Addyman.—We are speaking now of circular machines.

Mr. Dhanda.—We have different types of machines; it depends upon the yarn used, it depends upon the gauge, it depends on whether they are driven by power and so on.

Mr. Addyman.—We based our statement on a calculation on a definite count of 2/32s.

Mr. Dhanda.—There too are a number of factors, whether it is worked by power.

Mr. Addyman.—I am speaking now of the power driven machines. These costings are based on power driven machines?

Mr. Dhanda.—Yes. Where you use 2/40s or 2/32s thread, that will make a difference.

Mr. Addyman.—In count? नयन

Mr. Dhanda.—Yes.

Mr. Addyman.—In your standard pullover you use 8 to 10 bobbins. How many bobbins do you feed in your machines?

Mr. Dhanda.—4 bobbins sometimes and in some cases 8 bobbins.

Mr. Addyman.—What is your average per machine?

Mr. Dhanda.—4.

Mr. Addyman.—I would like to take it on 2/32s basis.

Mr. Dhanda.—Ours is Raschael type. If our production is 100, I should say it about 80 on the warp type machine.

Mr. Addyman.—May we assume that you are using 2/32s on your circular machines for pullovers? What would be your production per day?

Mr. Dhanda.—We are not producing now. I could not be exact. I think it comes to 10 to 20 lbs. I would preferably take it at 12 to 13 lbs. production. Generally in Ludhiana 5 seers, i.e., 10 lbs. are turned out by a knitter.

Mr. Addyman.—On a power machine? It certainly sounds a very low production.

Mr. Dhanda.—Yes.

Mr. Addyman.—The figure you give for warping and knitting is 3 annas a lb. I include overhead. That is between your cost and my cost. What do you pay on a circular machine?

Mr. Dhanda.—On an average one rupee.

Mr. Addyman.—And he produces how many lbs.?

Mr. Dhanda.—10 lbs.

Mr. Addyman.—It is slightly over one anna in wages.

Mr. Dhanda.—He gets Rs. 30 a month.

Mr. Addyman.—That is 24 working days?

Mr. Dhanda.—About Re. 1-4.

Mr. Addyman.—How much does he produce?

Mr. Dhanda.—10 lbs.

Mr. Addyman.—2 annas a lb. for labour?

Mr. Dhanda.—Yes.

Mr. Addyman.—Apart from overhead and running charges, what are the knitting charges?

Mr. Dhanda.—Nothing but wages, which include the salary of Supervisor and what we pay to the small boys who help them.

Mr. Addyman.—How many people have you per machine?

Mr. Dhanda.—One man to one machine.

Mr. Addyman.—The labour cost works out to one anna.

Mr. Dhanda.—It comes to 2 annas or more than that.

Mr. Addyman.—We will take it at 2 annas. The other must be entirely overhead.

Mr. Dhanda.—The wages of the labourer who works on that machine are 2 annas.

Mr. Addyman.—Per lb.?

Mr. Dhanda.—Yes, we have got to pay the wages of the small boys for putting in the needles. We have to provide them with smoke. The pay of the supervisor (Technical Expert) comes in the case of circular machines to 2 annas 6 pies.

Mr. Addyman.—I should say myself it is an outside figure. I should still say 3 annas is a reasonable figure including overhead.

Mr. Dhanda.—We have put it at 3 annas under warp.

Mr. Addyman.—I am surprised to learn that the production is only 10 lbs. from a circular machine.

Mr. Dhanda.—That is why Raschael machines have replaced within the last two or three years. Every year there is an increase of Raschael machine by about half a dozen or so.

Mr. Addyman.—What are they producing?

Mr. Dhanda.—They are producing woollen stuff. The cost is cheaper than in the case of circular machines being on mass production basis.

Mr. Addyman.—The production is higher.

Mr. Dhanda.—Yes.

Mr. Addyman.—To what extent?

Mr. Dhanda.—3 bundles come to 30 lbs.

Mr. Addyman.—How many attendants have you on that machine?

Mr. Dhanda.—We have two attendants on that machine getting about the same wage or a little more. Rs. 35 to Rs. 40 we pay. We have two attendants one on either side. That is the charge for knitting only. We have to pay charges for the warping as well.

Mr. Addyman.—I still feel that 3 annas is not far out.

Mr. Dhanda.—No.

Mr. Addyman.—I am still open to conviction.

Mr. Dhanda.—We assure you it must be more. You have put the price of yield as 33 annas at $1\frac{1}{4}$ annas.

Mr. Addyman.—Yes.

Mr. Dhanda.—How?

Mr. Addyman.—On your own statement.

President.—Have you tried to dispose of your waste elsewhere?

Mr. Dhanda.—Locally it is disposed of. Some outsiders come and buy. Previous to the last two or three years, we had to pay for removing it.

President.—The demand is very little in India for this.

Mr. Dhanda.—Yes.

President.—We have been told that much better prices are obtained.

Mr. Dhanda.—May be.

President.—You have not made any enquiries about that?

Mr. Dhanda.—I was personally in touch with people, but so far nothing has resulted from it. It would come in our case to 9 pies per lb.

Mr. Addyman.—I believe many people would be glad to buy your waste.

Mr. Dhanda.—I would thank you on behalf of the Association if you could get us into touch with these people.

President.—Is there anything else?

Mr. Dhanda.—How have you arrived at the figure of 7 annas and 12 annas?

Mr. Addyman.—Cutting up charges including overhead. What do you pay your cutter per day?

Mr. Dhanda.—7 annas is cutting up charges.

Mr. Addyman.—Including overhead?

Mr. Dhanda.—Yes.

Mr. Addyman.—I have allowed 2 annas for overhead.

Mr. Dhanda.—Yes.

Mr. Addyman.—What about sewing?

Mr. Dhanda.—This is absolutely wrong in our case. We pay 12 annas per dozen to the tailor only and then it has to pass through the overlock machine.

Mr. Addyman.—How many garments does a cutter produce per day?

Mr. Dhanda.—We get that work done by contract. Almost every factory except in the case of a few pays on a contract basis—12 annas per dozen. In the case of cardigans we pay one rupee a dozen. In the case of sleeveless we pay 10 annas per dozen.

President.—That is the contract to the tailors?

Mr. Dhanda.—Yes.

Mr. Addyman.—You pay considerably higher than most of the hosiery manufacturers.

Mr. Dhanda.—Yes.

Mr. Addyman.—Why?

Mr. Dhanda.—Wages in Ludhiana are much higher than at any other place.

Mr. Addyman.—Are they higher than Bombay?

Mr. Dhanda.—I have no experience of Bombay. I have experience of Calcutta and other places in the Punjab, and even Sind side.

Mr. Addyman.—How many garments will this man do per day?

Mr. Dhanda.—Who?

Mr. Addyman.—The tailor who takes the contract. You say you make a contract to pay 12 annas per dozen?

Mr. Dhanda.—That is sewing charges.

Mr. Addyman.—How many processes of sewing—2 or 3?

Mr. Dhanda.—One is the tailor who actually sews.

Mr. Addyman.—On a singer machine?

Mr. Dhanda.—Yes. The other is passing it through the overlock machine and the third is passing it through the flat lock machine and the fourth is passing it through repairs and he mends.

Mr. Addyman.—That is away from tailor.

Mr. Dhanda.—Yes.

Mr. Addyman.—How many garments will the contract tailor do per day?

Mr. Dhanda.—On an average one dozen.

Mr. Addyman.—Only one dozen?

Mr. Dhanda.—Yes. When we started, he could do only half a dozen some 2 or 3 years back. I doubt if in other places the tailor could do more.

Mr. Addyman.—Most definitely in pullovers. I am speaking of the Bombay experience.

Mr. Dhanda.—Could the tailor do many dozens?

Mr. Addyman.—Many more?

Mr. Dhanda.—How many dozens?

Mr. Addyman.—3 dozens a day.

Mr. Dhanda.—In 9 hours. How much do they get?

Mr. Addyman.—Rs. 2 per day.

Mr. Dhanda.—That is better. I think if he comes to Ludhiana, he must be satisfied with getting less, because the cost of living is cheaper. That is not possible in Ludhiana. It may be due to the fact that the number of factories is getting more and more and the demand of the labour is dear.

President.—Is the supply of tailors limited in Ludhiana?

Mr. Dhanda.—I think so.

Mr. Addyman.—He only earns 12 annas per day?

Mr. Dhanda.—Re. 1 a day. The tailor is getting Rs. 30 a month.

Mr. Addyman.—He produces 12 garments per day.

Mr. Dhanda.—Yes. By contract we pay 12 annas per dozen, otherwise he gets Rs. 30 a month. Sometimes the machine is out of order and there is no production.

President.—Are you satisfied with the figure for repairs and maintenance?

Mr. Dhanda.—This is put in by Mr. Addyman.

President.—No, your own. You have put it at 6 annas.

Mr. Dhanda.—Yes.

President.—It is a good deal less than that given by some others.

Mr. Dhanda.—Our figure is based on our experience.

President.—There is nothing much in 'Finishing and inspection and overhead'?

Mr. Addyman.—What do you think of the packing charges? I have allowed 12 annas.

Mr. Dhanda.—Yes that is higher.

Mr. Addyman.—That includes everything connected with packing.

Mr. Dhanda.—That is all right.

Mr. Addyman.—The only figure you dispute are those of sewing charges of 12 annas and the knitting at 3 annas.

Mr. Dhanda.—Yes and the waste figure of $1\frac{1}{2}$ annas. You have not included interest on working capital. What about the establishment charges?

Mr. Addyman.—They have been included under overheads. This costing is based on the assumption that you are working to your full capacity, i.e., working 12 months in the year.

Mr. Dhanda.—Then too there might be a difference.

President.—You have already said that you can get 5 per cent. off if you work to your full capacity.

Mr. Dhanda.—Yes, but the selling expenses which amount to 5 per cent. are not included at all.

President.—They are not manufacturing costs. This statement deals only with manufacturing costs.

Mr. Dhanda.—When we compare with foreign c.i.f. prices, we have to add them.

President.—Then we should. This is merely for the purpose of arriving at your bare manufacturing costs. It seems the assumption is that you work to your full capacity. The actual difference would be about Rs. 3 per lb.

Mr. Dhanda.—We find labels are excluded.

Mr. Addyman.—They come under packing.

Mr. Dhanda.—According to our figure, packing and forwarding to station comes to 4 annas.

Mr. Addyman.—It works out on your figures to half an anna per garment.

Mr. Dhanda.—In Ludhiana, the price of the cases in which we pack is very high.

Mr. Addyman.—Apart from the actual cost?

Mr. Dhanda.—We have to do strapping, putting a gunny bag on that, etc.

Mr. Addyman.—I am speaking only of the charge of taking your bales or cases to the station. It works out to half an anna per garment.

Mr. Dhanda.—We have not calculated that way. We calculated the actual charges for putting them into the cases, packing, strapping, sewing a gunny bag on that, and taking it to the station. The expenses of the broker are also included under that head. All these are included under one head.

President.—This is the average. How many instances have you taken in arriving at this figure?

Mr. Dhanda.—The average of almost all.

President.—Some people do it cheaper and some people do it at a greater cost.

Mr. Dhanda.—Not much difference in these things. There are regular charges and there are contractors, labourers, etc., in groups of three. It is definitely outside three annas for such cases. Putting the gunny bag and sewing—all these are done by them. We don't pay any labour. We supply them with boxes. They put the goods in the cases, wrap the gunny bags on them, put the strapping and take them to the railway station.

President.—It is all done on a contract basis.

Mr. Dhanda.—Yes.

Mr. Rahimtoola.—With regard to the mixtures. You want that they should be classed as all wool goods in spite of the fact that there is some difference in price between the all wool articles and the mixtures and be assessed at the same rate of duty. Do I understand you to say that this is the intrinsic quality difference between the mixtures and pure woollen articles?

Mr. Dhanda.—Yes.

Mr. Rahimtoola.—Do you think that the pure woollen articles will be able to stand this competition with mixtures?

Mr. Dhanda.—Yes. Besides when the mixtures are imported, they are knowingly imported. No light is thrown on that. The matter regarding the proportion of mixtures is in darkness.

Mr. Rahimtoola.—According to the Customs it is definite. You are talking of a different thing. We are not talking of the way in which the importer tries to dispose of the goods. Over that the Board has no control. You say that in spite of the fact that you want the duty on mixtures to be the same as on pure woollen articles, there is bound to be some difference in price.

Mr. Dhanda.—I am positive that the mixtures will not be imported in large quantities.

Mr. Rahimtoola.—Do you think that people would prefer pure woollen articles because of the intrinsic difference in quality?

Mr. Dhanda.—Yes.

Mr. Rahimtoola.—With regard to labour, you say that skilled labour is not available. Is that the reason why you take over to cotton—in order to keep your labour employed throughout the year?

Mr. Dhanda.—Yes.

Mr. Rahimtoola.—Not because you can work economically by so doing?

Mr. Dhanda.—Yes, we could.

Mr. Rahimtoola.—Provided the tariff inequality is remedied. From your reply to question 4, it appears that you are producing more and more cotton pullovers and cardigans. I suppose you do so first of all to keep your machines busy and another reason I take it is to keep your labour employed, so that they may not go away. Is there not sufficient skilled labour available?

Mr. Dhanda.—The third point is that we want to safeguard against loss. We could not dispose of all the staff. If we don't work these machines in the summer, we will have to.

Mr. Rahimtoola.—You have to keep a certain number of your staff in spite of the fact that the working season is only about 4 to 5 months in a year.

Mr. Dhanda.—Yes. There are some technical men who cannot be dispensed with.

Mr. Rahimtoola.—That is the whole point. You are not in a position to say that skilled labour is available when required. As you cannot get men with the same ability, you want to keep them and naturally when you want to keep them, you want to keep them busy.

Mr. Dhanda.—Yes.

Mr. Rahimtoola.—I don't understand why they are called part time workers when they take their work home.

Mr. Dhanda.—What I meant to convey by that was this. When they take work from a factory, they don't take it from one factory alone.

Mr. Rahimtoola.—Still they are all working.

Mr. Dhanda.—Do you mean all day?

Mr. Rahimtoola.—Yes.

Mr. Dhanda.—Not necessarily. We could not tell exactly.

Mr. Rahimtoola.—How do you distinguish between the work done in the factory and the work done at home? Probably there is no space sufficient for them to work in your place?

Mr. Dhanda.—Mostly they are females.

Mr. Rahimtoola.—They come in the morning to work, don't they?

Mr. Dhanda.—No.

Mr. Rahimtoola.—They don't come at all.

Mr. Dhanda.—They come to take the work home.

President.—Do you pay them per piece?

Mr. Dhanda.—Yes.

Mr. Rahimtoola.—Are they paid on the piecework system?

Mr. Dhanda.—Yes.

Mr. Addyman.—They work in their homes.

Mr. Dhanda.—The women belonging to the weaver class come and take the work home. If they cannot come, their men folk come and take it home.

Mr. Rahimtoola.—As regards your reply to question 8, the same argument is used by others who say that importers provide long terms credits and so on. What prevents the Indian manufacturers from giving similar credit?

Mr. Dhanda.—They have not got the capital.

Mr. Rahimtoola.—That is the most important point. They cannot lock up the capital owing to want of funds and that is why they cannot give credit for a longer term.

Mr. Dhanda.—Quite so.

Mr. Rahimtoola.—With regard to capital, I suppose you take loans.

Mr. Dhanda.—Yes.

Mr. Rahimtoola.—Most of the factories do that.

Mr. Dhanda.—Almost all.

Mr. Rahimtoola.—Are the loans mostly from Banks?

Mr. Dhanda.—Mostly from private sources.

Mr. Rahimtoola.—That is why the interest is so very high.

Mr. Dhanda.—Yes.

Mr. Rahimtoola.—With regard to your reply to question 13, the consumption of merino quality yarn has gone up from 5,000 to 25,000.

Mr. Dhanda.—Yes.

Mr. Rahimtoola.—That is an increase in the consumption of Indian merino yarn.

Mr. Dhanda.—That is due mostly perhaps to the Japanese yarn not being available sometimes. Otherwise the figure would not come to that. Supposing I require 2/20s and I have not got it in stock, I purchase locally.

Mr. Rahimtoola.—This is out of necessity.

Mr. Dhanda.—Yes.

Mr. Rahimtoola.—Otherwise the figure would not be so high.

Mr. Dhanda.—No.

Mr. Rahimtoola.—You would certainly prefer to use Japanese yarn?

Mr. Dhanda.—Generally when one yarn is used in the sample the same has to be maintained.

Mr. Rahimtoola.—Do I understand that the Japanese yarn is not available in sufficient quantities in India?

Mr. Dhanda.—It is available. It has got to be ordered. The manufacturers have not got much capital. One who requires 100 bales in the season generally orders 50 to 60 bales and the rest he would cover in the market.

Mr. Rahimtoola.—When he wants it, the yarn is not available.

Mr. Dhanda.—The particular count is not available.

Mr. Rahimtoola.—The bulk of this is purchased from the Bombay side.

Mr. Dhanda.—Yes.

Mr. Rahimtoola.—In 1930, according to this very statement, you never imported British yarn, whereas in 1934 you imported both cross-bred and merino quality to the extent of 10,000 lbs. each. What is this due to?

Mr. Dhanda.—In the case of the cross-bred yarn, it was due to price.

Mr. Rahimtoola.—Do you refer to the British yarn?

Mr. Dhanda.—Yes, due to the preferential treatment the price of this yarn was cheaper. We were getting from the Raymond Woollen Mills at Re. 1-8 per lb. and from the United Kingdom we were able to get at Re. 1-3-6 or Re. 1-4 per lb.

Mr. Rahimtoola.—The Ottawa preference has given the British yarn an advantage over the Indian yarn in respect of price.

Mr. Dhanda.—Yes, with regard to cross-bred.

Mr. Rahimtoola.—Is it cheaper?

Mr. Dhanda.— $3\frac{1}{2}$ to 4 annas cheaper. About 1 anna to two annas is covered by shortage. The exact difference does not stand at four annas. It comes to one anna less.

Mr. Rahimtoola.—What is that duo to?

Mr. Dhanda.—On account of the shortage. If the English yarn is one anna cheaper, the price is considered by the manufacturer to be the same.

President.—This wastage does not apply to the Indian yarn.

Mr. Dhanda.—No. They weigh it according to the Indian climate as far as I know. I think they add more weight.

Mr. Batheja.—There is no difference between Bombay and the Punjab?

Mr. Dhanda.—Not much. There is a difference of course which is due to weather and atmospheric conditions.

Mr. Rahimtoola.—With regard to Dhariwal mills there was some arrangement you said with regard to yarn to give you at lower prices. Did that arrangement bring about any benefit to either party?

Mr. Dhanda.—That arrangement was not final. That was only an understanding. Some of us were representing the Ludhiana industry and Mr. Lewis was Chairman. He wanted the Dhariwal yarn to be used and we were prepared to assist them. We were prepared to pay them even one pice per lb. higher than the Bombay price because Dhariwal was nearer to us.

Mr. Rahimtoola.—But ultimately was the price lower to you or not?

Mr. Dhanda.—It was higher.

Mr. Rahimtoola.—Then the quantity required was not available. What was the reason for the arrangement not being worked?

Mr. Dhanda.—The price of the Dhariwal people was higher than that of the Raymond Woollen Mills. They could not possibly give it at that price. They thought that they would be able to give it, but they could not.

Mr. Rahimtoola.—With regard to machinery, you say that satisfactory machines or parts are not manufactured in India. Have you tried any machinery which is made in India?

Mr. Dhanda.—Yes, much more than any other part of India would have tried.

Mr. Rahimtoola.—You have used the Indian machinery?

Mr. Dhanda.—Yes.

Mr. Rahimtoola.—Have you pointed out the defects to the manufacturers here?

Mr. Dhanda.—Yes.

Mr. Rahimtoola.—There is no improvement.

Mr. Dhanda.—It has not advanced much. The main defect is in tempering. The Indian machinery would wear out in one year in some cases and then it cannot be used for manufacturing purposes.

Mr. Rahimtoola.—The depreciation that you have proposed, viz., 15 to 20 per cent. is in view of the experience gained in Indian machinery?

Mr. Dhanda.—Surely that is also taken into consideration.

Mr. Rahimtoola.—What proportion of Indian machinery is used by your members?

Mr. Dhanda.—I have not calculated that. It must be something like 10 per cent.

Mr. Rahimtoola.—Is that all?

Mr. Dhanda.—In respect of number, it may be 10 per cent., but not in respect of value. The Indian machine costs Rs. 100 while the foreign machinery costs Rs. 1,000.

Mr. Rahimtoola.—With regard to the freight question, you are comparing your railway freight from Ludhiana to Calcutta as against the freight from Japan to Calcutta.

Mr. Dhanda.—Quite so.

Mr. Rahimtoola.—Calcutta is the biggest centre for the hosiery goods. You therefore send the bulk of your goods to Calcutta. In that market between your goods and the imported goods, there is no difference.

Mr. Dhanda.—There is no difference.

Mr. Rahimtoola.—The only difference is due to the difference between the railway freight and the steamer freight.

Mr. Dhanda.—The difference is between what costs the Japanese and what it costs us. The third point is that railways allow special concessions to manufacturing centres in India, such as Ahmedabad.

Mr. Rahimtoola.—That is internal competition.

Mr. Dhanda.—That is not a question of competition. It is only a suggestion that if we are allowed the same concessions as are allowed to some manufacturing centres, we will fare better.

Mr. Batheja.—What are the actual concessions allowed to these manufacturing centres?

Mr. Dhanda.—I do not know.

Mr. Batheja.—You have mentioned some concessions. Can you specify these concessions?

Mr. Dhanda.—I could get you some figures but not at present.

Mr. Rahimtoola.—With regard to your reply to question 22, you have asked for an increase in the duty on British apparels, and hosiery also.

Mr. Dhanda.—Yes.

Mr. Rahimtoola.—Is there a large quantity coming in at present?

Mr. Dhanda.—No.

Mr. Rahimtoola.—You suggest that woollen apparels and other hosiery goods, mufflers, socks, etc., should have the following duties:—Non-British Rs. 2 per lb. or 50 per cent. *ad valorem* whichever is higher and British 40 per cent. What is the present rate of duty applicable to British goods?

Mr. Dhanda.—25 per cent.

Mr. Rahimtoola.—I want to know whether British goods are coming in large quantities and whether they are competing with Indian goods.

Mr. Dhanda.—Not at present.

Mr. Rahimtoola.—Why was the suggestion made?

Mr. Dhanda.—As a safeguard against the futuro possibilities of competition.

Mr. Rahimtoola.—At present, there is nothing to fear.

Mr. Dhanda.—No.

Mr. Rahimtoola.—The same thing applies to cotton apparel?

Mr. Dhanda.—Yes.

Mr. Rahimtoola.—At present you are not troubled at all?

Mr. Dhanda.—Cotton goods are coming in at present.

Mr. Batheja.—Will you please refer to the figures given in reply to question 13. The consumption of yarn whether cross-bred or merino have been increasing steadily, or taking the merino figures the imports have been increasing at a fairly rapid rate.

Mr. Dhanda.—Yes.

Mr. Batheja.—The aggregate consumption, that is the total of cross-bred and merino yarn, has been increasing. Does the industry at Ludhiana have very large stocks unsold?

Mr. Dhanda.—About 15 per cent.

Mr. Batheja.—Are they carried over from year to year?

Mr. Dhanda.—Yes.

Mr. Batheja.—And the stocks which remain unsold in one year are sold in another year?

Mr. Dhanda.—Yes, but at a disadvantageous price. We have to clear them otherwise they would not fetch even what we can get next year. Supposing in 1933 the goods produced were 40,000 and say 20,000 lbs. were not sold and we could not dispose them of in 1934 at any price, in 1935 we may not get anything for these.

Mr. Batheja.—Whatever price is obtained the whole stock is cleared out?

Mr. Dhanda.—They are cleared out by the manufacturers at any price. Sometimes they are sold to *kabadis* and hawkers.

Mr. Batheja.—If stocks are accumulating and losses are increasing how do you explain the steady increase in the consumption of yarn. One would infer that if losses were to increase and stocks were remaining unsold, one would curtail one's production.

Mr. Dhanda.—I would not say there are losses, though there may be in some cases.

Mr. Batheja.—Just at present is the industry working mostly at a loss?

Mr. Dhanda.—In some cases at a loss and in some cases at a profit.

Mr. Batheja.—You have given us the cost of a representative firm and you have compared your costings with Japanese costings. I do not know how far this firm which you have selected is representative, how far the goods you have selected are also representative and how far even the articles you have selected are really representative. I take it that these costs are not the costs of an actual firm?

Mr. Dhanda.—I should not say that: I think they can be taken to be the cost of an actual firm.

Mr. Batheja.—How did you arrive at these costs?

Mr. Dhanda.—We sat amongst ourselves and by seeing what were the actual costs we came to these figures.

Mr. Batheja.—You discussed what were reasonable costs?

Mr. Dhanda.—What it actually cost us.

Mr. Batheja.—Whose actual costs did you select? You did not follow the actual costs of a single firm, did you?

Mr. Dhanda.—Supposing I pay 10 annas a dozen and my friend pays 9 annas, we would take 9 annas instead of 10 annas because that was the minimum cost that we could possibly get at.

Mr. Batheja.—Have you taken the minimum in every case?

Mr. Dhanda.—I think so.

Mr. Batheja.—In reply to a question from Mr. Addyman you suggested that in your own firm there were certain costs which were distinctly lower.

Mr. Dhanda.—In one or two individual cases; they were left out as exceptions.

Mr. Addyman.—How many are exceptions?

Mr. Dhanda.—May be one or two.

Mr. Addyman.—Can you point out the exceptions?

Mr. Dhanda.—Not at present.

Mr. Batheja.—Tako a representative firm in the Ludhiana hosiery industry; is it working just now at a loss or at a profit?

Mr. Dhanda.—From the Ludhiana point of view they are working at a profit but from the point of view of manufacturing concerns they are working at a loss. Suppose I am the proprietor of a concern, I do not take into account my salary and that of my relations, I do not take into account the capital I have invested, I do not take into account the interest.

Mr. Batheja.—Taking into consideration the items of costs which we have indicated in our questionnaire and taking also a representative firm, is the representative firm in Ludhiana working at a loss?

Mr. Dhanda.—We could not arrive at that from that point of view.

Mr. Batheja.—It must be common knowledge in the industry whether you are making some profit or not?

Mr. Dhanda.—I think the Ludhiana industry is making some money.

Mr. Batheja.—Then the difference between the past years and the present year probably is that the profits have decreased because of foreign competition?

Mr. Dhanda.—Yes.

Mr. Batheja.—Could you give an idea of the profits in figures? What percentage is being made by the industry just at present?

Mr. Dhanda.—About 7 per cent.

Mr. Batheja.—Do I take it in the earlier years more profit was made than 7 per cent. before foreign competition came in? One gentleman who says he is in touch with the hosiery industry of Ludhiana put the profits of the industry at about 30 per cent. some time back. Is that a figure which you would accept?

Mr. Dhanda.—No. It would be about 15 per cent.

Mr. Batheja.—In reply to question 12 you say that you can produce four times more than you are producing now. If you look at the import figures, the total imports of woollen hosiery from foreign countries have gone down in recent years, but you complain of foreign competition.

Mr. Dhanda.—That is from Japan.

Mr. Batheja.—You complain only of Japanese competition?

Mr. Dhanda.—Yes.

Mr. Batheja.—Do I take it that you complain as to the quantity or is it as regards the price?

Mr. Dhanda.—Price only, and it is just possible the quantity may rise.

Mr. Batheja.—Imports are going down?

Mr. Dhanda.—Japanese figures too?

Mr. Batheja.—That has not gone down. Japan has gained at the expense of other imports, but the total imports have gone down.

Mr. Dhanda.—Other imports have gone down because they could not stand Japanese competition.

Mr. Batheja.—You are showing increasing outturn as evidenced by this increased consumption of yarn, and the total import figures have gone down?

Mr. Dhanda.—In value.

Mr. Batheja.—In value as well as in quantities. The Japanese figures have increased but it may be possible to explain the Japanese increase: Japan has increased her exports at the expense of other countries, France, England, Italy and so on. If you complain you are suffering from foreign competition and you are not able to utilise all your plant fully, are you producing in excess of the demand?

Mr. Dhanda.—At present we are not manufacturing throughout the year?

Mr. Batheja.—If you were manufacturing throughout the year would your production be in excess of the demand?

Mr. Dhanda.—I could not say that.

Mr. Batheja.—Will the market be able to absorb the whole of your production?

Mr. Dhanda.—When I say we will be employed throughout the year I don't mean that we will be kept employed throughout the year on woollen; we would take to a certain percentage of cotton hosiery so that our cost in the woollen section would also be reduced thereby.

Mr. Batheja.—If you are working, say, six months on woollen and six months on cotton what would be your maximum capacity for woollen hosiery?

Mr. Dhanda.—It will be more than our present production.

Mr. Batheja.—Will the market be able to absorb that production?

Mr. Dhanda.—I think so.

Mr. Batheja.—You do not anticipate any danger from overproduction?

Mr. Dhanda.—No, because there are many lines to be exploited in the hosiery industry.

Mr. Batheja.—I suppose you understand that the mills are also able to compete with you; they can also produce some woven stuff.

Mr. Dhanda.—Not necessarily. They can compete in hosiery goods but there are processes by which knitted goods can be utilised like woven goods.

Mr. Batheja.—I want you to speak more about this internal competition between the hosiery industry and the mill industry. Are there any mills which are manufacturing hosiery goods which compete with yours?

Mr. Dhanda.—I doubt if there is any competition between these mills and ourselves.

Mr. Batheja.—Are they producing any goods and placing them on the market?

Mr. Dhanda.—Dhariwal and Cawnpore mills are producing.

Mr. Batheja.—Are there any other mills manufacturing hosiery goods.

Mr. Dhanda.—The Indian Woollen Mills are producing but not to any appreciable quantity.

Mr. Batheja.—How does the Dhariwal and Cawnpore quality compare with your products?

Mr. Dhanda.—They are producing different stuffs and different styles.

Mr. Addyman.—Don't they make the same type of pullover and cardigan as they do in Ludhiana?

Mr. Dhanda.—In some cases they do but the prices do not compete.

Mr. Batheja.—The development of the Ludhiana industry is comparatively recent and you have invented new designs, you have educated the taste of the consumer and by using Japanese yarn you have increased the market and have rendered great service to the industry. I recognise that. Probably in this respect you have stolen a march over the mills. Is it possible that when the mills wake up and start manufacturing hosiery on a very large scale and imitate your designs—there is nothing to prevent them from imitating your designs—will you be able to stand their competition?

Mr. Dhanda.—We think so.

Mr. Batheja.—What are your advantages in competing against the mills?

Mr. Dhanda.—At present they have not got the right type of spinning plant.

Mr. Batheja.—We were given to understand that certain mills have got the latest plant. They may not have the latest designs.

Mr. Dhanda.—I don't mean the right type of plant—which is most commercially suited. I mean the unit selected will be such that the manufacturing costs arrived at will be reasonable.

Mr. Batheja.—With lakhs of capital, do you anticipate that the mills have any difficulty to get the right type of plant?

Mr. Dhanda.—No.

Mr. Batheja.—When you make a statement that you handle the right type of plant, did you examine the type of plants of the Dhariwal Mill or the Cawnpore Woollen Mills?

Mr. Dhanda.—I have seen.

Mr. Batheja.—Both kinds of them?

Mr. Dhanda.—In Dhariwal.

Mr. Batheja.—What class of goods in the hosiery trade to these mills manufacture?

Mr. Dhanda.—So far as our manufactures are concerned, I think they don't prepare things we are doing.

Mr. Batheja.—There is nothing to prevent them from manufacturing.

Mr. Dhanda.—No.

Mr. Batheja.—It is quite true, as I explained, your industry is a new one and has grown practically in the last two years at a very rapid rate. There is nothing to prevent the mills from manufacturing hosiery goods, say, in 1936.

Mr. Dhanda.—There is nothing to prevent them.

Mr. Batheja.—I want to understand your advantage as a small scale industry against the mill industry which is organised on a large scale.

Mr. Dhanda.—First of all there is the overhead charge, I think that is the main item where we could compete.

Mr. Batheja.—Generally the overhead charges can be spread over. If the output is very large, the overhead charges can be reduced and it would be natural to infer that the mills will have an advantage over you.

Mr. Dhanda.—But there is a limit to the overhead charges being spread over.

Mr. Batheja.—What are the other advantages?

Mr. Dhanda.—Localisation of the industry. We want to work our machine. We haven't got workmen to repair the machine. If there is something wrong with the machinery, we can get advantage of that repair at a much lower cost. Even sometimes at nights when we are working double shift, we have that advantage.

Mr. Batheja.—Your repair charges are low.

Mr. Dhanda.—Not only low, but they are timely given.

Mr. Batheja.—Do you think that a mill has got less difficulty in attending to its repairs?

Mr. Dhanda.—If they have to do that, they have to employ a certain staff. Then the charges will be very high.

Mr. Batheja.—They can spread the charge over the entire woollen trade. This is only one branch of their production. However I want to understand your opinion.

Mr. Dhanda.—Regarding yarn they will have to produce much. We have got at our disposal the yarn stockists. We don't have to risk much. Supposing Japan brings to-morrow 1,000 bales and reduces the price, we haven't got stock to that extent and therefore we won't lose much.

Mr. Batheja.—Japanese imports are open to them also or they can produce their own yarn.

Mr. Dhanda.—If the industry were to provide sufficient profit, tangible rate of profit, then the mills would come in; otherwise they would hesitate to put in that money.

Mr. Batheja.—I do not know whether you are aware that most of the woollen mills are not making even 1 per cent. and they would certainly covet your 6 per cent.

Mr. Dhanda.—Our 6 per cent. is perhaps in their case zero per cent. or even less than that.

Mr. Batheja.—Are there any other advantages which the small scale industry has got over the large scale industry?

Mr. Dhanda.—We have some advantage in this that we are able to get work done by ladies and others at home on a piece work system.

Mr. Batheja.—Granting that you are able to hold your own against the mills—as a matter of fact you have shown that you are for the present, whatever be the cause, able to carry on—probably on the assumption that the mills are not producing the class of goods which you produce—supposing a protective duty is imposed on yarn and the price of yarn is increased, the advantage will be in favour of the mills taking the present position.

Mr. Dhanda.—As I just pointed out, we are not afraid of that, because we naturally must expect some other mills manufacturing yarn for our class of goods.

Mr. Batheja.—You expect to see as a result of protection to yarn that large scale mills will come into existence specialising in the production of yarn for hosiery manufacture.

Mr. Dhanda.—Yes.

Mr. Batheja.—Are you aware that the present yarn production capacity of the existing mills is far more than the market can consume? Do you know that?

Mr. Dhanda.—Yes.

Mr. Batheja.—Where will be the stimulus for another mill to come into being?

Mr. Dhanda.—They will be patronised much more than those that are already in existence if they were to manufacture the hosiery goods as well. If out of the present mills there might be a mill capable of spinning yarn only—I think other mills might not be installed—in that case our interests are safeguarded.

Mr. Batheja.—Have you seen figures of yarn production of other mills?

Mr. Dhanda.—No.

Mr. Batheja.—Then I pass on.

Mr. Dhanda.—My point is that yarn and hosiery manufacture are different. They cannot derive advantage in hosiery manufacture against us on account of their being able to produce yarn, because there is no check on our being able to secure some means by which we could get yarns at competitive prices.

Mr. Batheja.—I take it the main source of your supply is from foreign countries at present?

Mr. Dhanda.—Yes.

Mr. Batheja.—You expect to see independent mills coming into existence.

Mr. Dhanda.—Yes.

Mr. Batheja.—Supposing some other mills come into existence?

Mr. Dhanda.—Otherwise too. Supposing there is some check on foreign yarn and supposing there is war, by the very existence of our industry, I would prefer that the yarn be manufactured in India.

Mr. Batheja.—We have received a number of telegrams from the Punjab protesting against any increase in the duty on yarn.

Mr. Dhanda.—Because they consider that if the duty on yarn is raised, they may not be able to compete. At present we are not getting the proper yarn. We may not be able to prepare the goods comparable to imported goods.

Mr. Batheja.—You have yourself pointed out the defects in Indian yarn.

Mr. Dhanda.—At present we are not getting Indian yarn of the desired strength.

Mr. Batheja.—Your Association is not opposed to the protection of yarn?

Mr. Dhanda.—I think we should help our brethren in keeping their plants running. The essential condition is that the corresponding increase in the finished goods must be there.

Mr. Batheja.—I understand that. Will that curtail the size of your market if the price of your product is increased very much?

Mr. Dhanda.—No. I think it is not practicable that we will be able to increase our price. Even if you raise the duty on yarn, we will not be able to raise our price.

Mr. Batheja.—Though your cost of production will go up, your price will have to remain the same.

Mr. Dhanda.—Yes.

Mr. Rahimtoola.—Because the manufacturing charges will be less.

Mr. Dhanda.—Something will be covered out of that and something will be going down out of profits. Once the price is brought down the customer won't buy if the price goes up. Our last year's experience shows that though the prices of yarn were higher, our realised prices didn't go up in proportion.

Mr. Batheja.—Why do you want to penalise the consumer by having a higher duty on finished goods?

Mr. Dhanda.—If there is no check, they will uproot our industry and later on they will have their profits.

Mr. Batheja.—At present prices you are able to hold your own. Even if the duty on yarn is increased, your prices will not rise.

Mr. Dhanda.—That doesn't mean that we will be working our mills with profit. We may have to suffer even. That is why telegrams from our side show that there should be no increase in the duty on yarn, because they don't expect better prices for their products, but if the Government are bent upon giving some advantage to the mills—perhaps they should we should not be so selfish as not to desire any protection being given—in that case the finished products should bear a higher duty.

Mr. Batheja.—May I explain that the Government of India are not bent upon doing anything?

Mr. Dhanda.—That is not a question of being bent upon if the mills represent their case and their case is justified. If they do it, we should not object to it provided we are safeguarded.

Mr. Batheja.—In the shape of higher duties on finished hosiery goods?

Mr. Dhanda.—Yes.

Mr. Batheja.—You are able to compete with British goods and other Continental goods?

Mr. Dhanda.—Yes at present.

Mr. Batheja.—You don't want protection against these countries just now.

Mr. Dhanda.—No, not at present.

Mr. Batheja.—On the basis of present revenue duties?

Mr. Dhanda.—At present we are not afraid. Last year the prices of imported British goods were much lower than in the previous years though there was no competition.

Mr. Batheja.—You know there is a surcharge on the revenue tariff. Supposing that surcharge were removed, because the revenue requirements of the Government of India permitted it, would you be able to hold your own against the British and the Continental imports?

Mr. Dhanda.—I think so for the present if nothing untoward happens.

Mr. Batheja.—Supposing the revenue duty was still further reduced, after removing the surcharge, how far are you prepared to compete with British goods?

Mr. Dhanda.—If the surcharge is removed, we should be able to compete for the present if nothing untoward happens. We cannot say anything definitely about the future. We only anticipate some change. It is just possible that British prices might be reduced as the prices of Continental goods were reduced last year. If they are reduced similarly then there might be competition.

Mr. Batheja.—The new Indo-British Agreement provides that in any scale of protective duties that they may be imposed, the duties on British goods should be sufficient to equate the fair selling price of the Indian article with the price of the imported article. That means protection should not be excessive.

Mr. Dhanda.—We should not object much to that.

Mr. Batheja.—You don't want protection against British goods at all.

Mr. Dhanda.—I don't say at all.

Mr. Rahimtoola.—They have asked for protection—they have asked for a duty of 40 per cent. against British goods.

Mr. Dhanda.—Yes, we want to guard against the future possibilities, but if the Government

Mr. Batheja.—Leave the Government.

Mr. Dhanda.—We want this protection of 40 per cent.

Mr. Batheja.—Coming to your answer to question 21, you anticipate a reduction in cost of 5 per cent. only. Do I understand that you expect this reduction in cost to recur every year?

Mr. Dhanda.—For at least about two years.

Mr. Batheja.—Not for fifteen years?

Mr. Dhanda.—No.

Mr. Batheja.—Otherwise the total reduction will be 75 per cent.

Mr. Dhanda.—We might expect a total reduction of about 20 per cent.

Mr. Batheja.—Since you are applying for protection of 50 per cent. on the basis of present prices, do I take it that you will never be able to dispense with protection. In the case of specific duties it might be higher. Do I take it that you will never be able to cover the gap between your selling price and the import price.

Mr. Dhanda.—We may be able to cover that. Do you mean to say that the total abolition of duty might take place?

Mr. Batheja.—You have not understood the scope of question 21. If you will kindly refer to that (copy of the questionnaire handed in), that will make it clear.

Mr. Dhanda.—I have read the question.

Mr. Batheja.—The object of the question is to find out whether the reductions in the cost of manufacture in the period of protection is such that the industry will be able to satisfy the third condition laid down by the Fiscal Commission for granting protection which is that the industry ought to be able to stand on its own legs within a reasonable period. Therefore you are asked to supply the details of the reduction you expect as a result of the grant of protection—not simply a general statement that there will be a reduction of 4 to 5 per cent. but details of the reductions you expect under various heads as you have given in answer to question 10. We want to know what your cost price will be after a certain period—say five years—if protection is granted, that is to say, if you have a wider market than you have now.

Mr. Dhanda.—That is to say, if we have no fear of competition from foreign goods, and if we are able to sell whatever we produce.

Mr. Batheja.—It is presumed that if protection is granted, it will be effective.

Mr. Dhanda.—On that assumption I can give you figures.

Mr. Batheja.—Your application is for an effective protection and not for a partial protection.

Mr. Dhanda.—Quite so.

Mr. Batheja.—I want to get the figures on your own assumption and not any one else's.

Mr. Dhanda.—Yes.

Mr. Batheja.—Please indicate not only the economies which you would get on your plant working for a longer period of time and any other economies which you may be able to obtain.

Mr. Dhanda.—So far as manufacturing costs are concerned.

Mr. Batheja.—It will be very convenient to have these statements B and C revised in the light of what I have said.

Mr. Dhanda.—Yes.

Mr. Batheja.—Please turn to your reply to question 19. You say that you pay 12 per cent. interest. Who finances the industry now generally Banks, Sowcars or private capitalists?

Mr. Dhanda.—The working capital is raised from private sources mostly.

Mr. Batheja.—There is no joint stock Bank or Co-operative Bank?

Mr. Dhanda.—No.

Mr. Batheja.—In reply to a question from the President, you have said that there are certain merchants who really place orders with petty manufacturers and pose as manufacturers. That means they really supply the yarn; they take the risk of production; they simply give the wages to manufacturers and pass off the goods as their own. What is the proportion of the industry carried on in Ludhiana under this system?

Mr. Dhanda.—Not much. It is confined to very small manufacturers having one or two machines.

Mr. Batheja.—It represents a very small proportion of the production in Ludhiana?

Mr. Dhanda.—Yes.

Mr. Batheja.—Is that true of the other parts of the Punjab?

Mr. Dhanda.—It may be true. I cannot say.

Mr. Batheja.—Why does the industry pay such high interest?

Mr. Dhanda.—Because they cannot get money from other sources at a cheaper rate of interest.

Mr. Batheja.—They cannot get it at less rates than that?

Mr. Dhanda.—No.

Mr. Batheja.—Or because the rate has become customary and therefore it sticks.

Mr. Dhanda.—No.

Mr. Addyman.—Would not Banks give you better terms than that?

Mr. Dhanda.—No. They want securities. They want the goods to be hypothecated. If the goods are pledged to the Bank, it would reflect on the position of small manufacturers especially in mufassil towns.

Mr. Batheja.—I know the prejudice against the hypothecation of goods. Supposing the goods are pledged to the Bank, what will be the interest charged by the Bank?

Mr. Dhanda.—7 per cent.

Mr. Batheja.—What Banks are operating in Ludhiana?

Mr. Dhanda.—The Punjab National Bank, the Imperial Bank, the Simla Banking Company, the Punjab Sind Bank, etc.

Mr. Batheja.—The Imperial Bank of India charges less interest.

Mr. Dhanda.—They don't advance money except against Government Bonds.

Mr. Batheja.—They advance against stocks in other places.

Mr. Dhanda.—No, not in Ludhiana.

Mr. Batheja.—They do so in Eastern India.

Mr. Dhanda.—Here also when the new Manager came, we explained the position to him. He was agreeable, but the Head Office did not agree.

Mr. Batheja.—Probably after the restrictions had been removed from the working of the Imperial Bank, that is, when the Imperial Bank would begin to work under a new Act after the 1st April, 1935, they might give you better terms.

Mr. Dhanda.—Just possible then.

Mr. Batheja.—You were asked to give these costs for as many years as possible or as the firm had been working. You have not given us costs of any particular firm?

Mr. Dhanda.—No.

Mr. Batheja.—I suppose it was not possible for you to give us costs for previous years.

Mr. Dhanda.—Of any particular firm you mean.

Mr. Batheja.—I wanted to ask that question also. Was it not possible for any particular firm to give us costs in confidence. We would have liked them because those would have been actual costs?

Mr. Dhanda.—I should say perhaps they are actuals. A particular firm may not be prepared to give its costs. They are afraid that these figures may be utilised.

Mr. Batheja.—We have obtained some costs from competing mills under a pledge of secrecy.

Mr. Dhanda.—Our side people are not so advanced. When we began collecting information, we too had difficulties.

Mr. Batheja.—How far these costs were representative?

Mr. Dhanda.—They are representative.—If you want to be sure, I could send you my own costs.

Mr. Batheja.—I have reason to believe that your firm is efficient and naturally the Tariff Board would like to base its fair selling price on the costs of an efficient unit and not an inefficient firm or even on the costs of a moderately efficient firm. I think that if you could give us your costs, in confidence, it would be useful.

Mr. Dhanda.—Yes. For what articles do you want them?

Mr. Batheja.—For cardigans, pullovers and mufflers. Please send us a sample of each.

Mr. Dhanda.—Of average weight?

Mr. Batheja.—Take the case of a pullover. You must give the costs of a pullover which comes in competition with the Japanese pullover?

Mr. Dhanda.—You could not safely arrive at it like that. A thing sells for a particular reason and another for another reason.

Mr. Batheja.—When you sell your goods, you know, certain dealers who stock both goods point out to you that they are able to get Japanese articles of the same quality at such and such prices. Thus, you come to know that certain articles which are imported from abroad definitely compete against yours and against which you complain.

Mr. Dhanda.—The complaint is not against any particular quality. It is general.

Mr. Batheja.—It would be important for us to have comparable qualities.

Mr. Dhanda.—Of more than one quality?

Mr. Batheja.—Send us three samples of these articles whose costs you are going to submit.

Mr. Dhanda.—One of each?

Mr. Batheja.—Yes, against which mark the prices of Japanese articles which are comparable to your articles.

Mr. Dhanda.—I would not be able to get the retail prices of Japanese articles.

Mr. Batheja.—Then give us the wholesale selling prices. Just as a dealer buys from you, he also buys from Japan.

Mr. Dhanda.—Our cost figures can be relied upon without being afraid of being challenged. So far as Japanese prices are concerned, we cannot be so very certain. I think you can get better figures. If you give us the prices and weights of Japanese articles I could give you exact figures and supply you also with samples and then you can judge.

Mr. Addyman.—At Ludhiana we were informed that your 5 oz. slipover was finding competition with a slipover of the same quality and weight from Japan. Can you supply us with the costs of 5 oz. slipover?

Mr. Dhanda.—We are not manufacturing 5 oz. slipover, but the 5 oz. slipovers coming from Japan have affected our sales. The weight of our slipovers will be 8 to 9 oz.

Mr. Addyman.—Are there in the market Japanese slipovers of your weight?

Mr. Dhanda.—There may be some, but we cannot be certain.

Mr. Batheja.—Send your samples and we shall check them.

Mr. Dhanda.—I shall select some Japanese samples against which I am producing and send them to you together with my own and the retail prices of these samples. So far as the prices of Japanese articles are concerned, I leave the matter to you because the Japanese prices could not be depended upon.

Mr. Batheja.—If you cannot supply us with prices we shall be able to ascertain them. But I suppose there is no harm in your attaching a slip showing that this is the price. You may add that you don't rely on that.

Mr. Dhanda.—One might be selling at Rs. 3 and another at Rs. 2-12.

Mr. Addyman.—Would it not be better to have c.i.f. prices?

Mr. Batheja.—He has no means of ascertaining them.

Mr. Addyman.—Will you refer for a moment to your reply to question 8 in which you refer the Board to your replies to questions 6 and 7. What we asked in question 8 was: what have been your realised prices? But your answer refers the Board to your replies to questions 6 and 7 where you have given us costs but not realised prices.

Mr. Dhanda.—There again, as I was telling you, I could give you my figures. Perhaps the figures would not be so reliable. The realised prices of different factories were different. The costs were really representative for practical purposes. By realised prices you mean I suppose selling prices.

Mr. Addyman.—In fact you have given us the selling prices of Japanese stuffs. The Board would like to have your prices.

Mr. Dhanda.—I shall give you my own figures.

Mr. Addyman.—The prices realised as a result of Japanese competition.

Mr. Dhanda.—I shall give you what has been realised. I don't know whether they are realised as a result of Japanese competition or not.

Mr. Addyman.—You have told us this morning that you can change over your labour from cotton to wool and *vice versa*. Do you find any difficulty in changing over from woollen knitting to cotton knitting?

Mr. Dhanda.—No.

Mr. Addyman.—Or *vice versa*?

Mr. Dhanda.—No.

Mr. Addyman.—Now we come to this much discussed question of mixtures. It was explained to us yesterday that there are two types of mixtures coming from Japan. One is known as plated mixtures, that is, with cotton backing and worsted yarn faced. Another is an actual mixture in the

process of spinning, that is, cotton and wool mixed or blended together in the process of spinning. We have seen samples of plated mixtures, but we have not seen samples of blended mixtures. Is it possible for you to send us samples of the latter kind?

Mr. Dhanda.—I am doubtful about the second. So far as my experience goes, imported mixtures are not blended in the process. They are generally of the first type, that is, with cotton backing. In the process of knitting there are three layers. The cotton layer is in the middle which is not easily discernible.

Mr. Batheja.—Is that what is meant by mixture yarn?

Mr. Dhanda.—No. Different colours are mixed.

Mr. Addyman.—As regards your method of manufacture, do you manufacture only against sales or do you manufacture to stock in the hope of selling your goods?

Mr. Dhanda.—We manufacture against definite orders.

Mr. Addyman.—At what time do you submit your samples to the market?

Mr. Dhanda.—May-June.

Mr. Addyman.—Are your patterns original or do you obtain from abroad?

Mr. Dhanda.—We prepare our own samples.

Mr. Addyman.—Do you manufacture only against definite sales?

Mr. Dhanda.—Mostly.



सत्यमेव जयते

GOVERNMENT OF THE UNITED PROVINCES.

**Evidence of Mr. B. K. GHOSHAL, Superintendent of Industries, and
Mr. B. K. MURTHY, Principal, Textile School, representing
the Department of Industries, recorded at Bombay
on Tuesday, the 5th March, 1935.**

President.—Mr. Ghoshal and Mr. Murthy, are you both in the Industries Department?

Mr. Ghoshal.—Yes. I am the Superintendent of Industries attached to the headquarters and Mr. Murthy is the Principal of the Textile School.

Mr. Batheja.—At what place?

Mr. Ghoshal.—At Cawnpore.

Mr. Batheja.—Are your headquarters at Lucknow?

Mr. Ghoshal.—No, Cawnpore.

President.—We have had a letter from the Government of the United Provinces regretting that we are unable to visit Cawnpore. There are special reasons for that. I don't think I need go into all of them now. One is that we have not yet received any communication from the major industry of Cawnpore. Can you tell us what they are intending to do?

Mr. Ghoshal.—I thought they would be able to hand over their representation to us to be submitted to you, but they were unable to do so. To-day or to-morrow their representative will be coming with that. Their representation is almost complete and there are one or two points to be looked into.

President.—That is the Cawnpore Woollen Mill?

Mr. Ghoshal.—Yes.

President.—They have been secretive about what they are intending to do. We have not heard anything from them except a telegram in reply to ours. They never told us what their intentions were. We have had no communication from them whether they have any intention of putting in a representation to us.

Mr. Ghoshal.—What they told us was that they were preparing a case.

Mr. Batheja.—Are the other mills in Cawnpore preparing their case?

Mr. Ghoshal.—Yes. We could not get their Manager the day we got your telegram. Therefore we cannot say exactly whether they are ready with their case or not. We are in touch with those people and can telegraph to you what they are going to do as soon as we reach Cawnpore.

President.—There is no joint representation coming in?

Mr. Ghoshal.—No.

President.—One representation from the Cawnpore Woollen Mills and the other possibly from the other mills.

Mr. Ghoshal.—Yes. The Upper India Chamber of Commerce could have replied to you jointly, but they have not taken it up.

President.—I shall first run through your replies which we have received from your Department. Am I to take it that in your evidence you will give the views of your Department or the views of the Government of the United Provinces?

Mr. Ghoshal.—Not the Government's but the Department's views.

Mr. Rahimtoola.—You don't represent here the United Provinces' Government?

Mr. Ghoshal.—In a way, we do, but the representation is not from the United Provinces Government but from the Department.

President.—They have forwarded for the information of the Tariff Board a Note on the Woollen Industry prepared by the Industries Department.

Mr. Batheja.—They have expressed their view on the question of protection.

President.—It is not quite clear that they have. What the United Provinces Government say in forwarding this note is that the blanket industry and the hosiery industry need protection and that an enhancement of the duty on yarn would injure the cottage workers. I take it that you would not be prepared to argue that point on behalf of the United Provinces Government?

Mr. Ghoshal.—We shall argue that point.

President.—When the United Provinces Government say that the blanket and hosiery industries need protection—I shall go into that later—is the assumption that the other branches of the woollen industry do not require protection?

Mr. Ghoshal.—You mean the cottage industry?

President.—I am referring to the carpet industry.

Mr. Ghoshal.—Protection against foreign competition is not required by the carpet industry—not to the same extent as it is required by these other industries.

President.—No protection is proposed for the carpet side.

Mr. Ghoshal.—No.

President.—In the first paragraph of your note you refer to the puttoo cloth produced in the hills by Bhutias mainly for hill consumption. I should like to know a little more about this puttoo cloth. Is it made only by Bhutias?

Mr. Murthy.—It is mostly made by Bhutias, but all the hill tribes—all those living in Almora District and Ghariwal District—manufacture it for their own consumption. As cotton cloth is made in the plains, so these hill people spin their yarn on taklis and charkhas and weave on a small loom and make these fabrics.

President.—We were told somewhere—I think in Amritsar—that puttoo cloth was made from blankets which had been in use. They said that the milling properties of the blanket cloth were improved by use and that they were milled and made into puttoo cloth afterwards. Is that the common way of manufacture?

Mr. Murthy.—Even that process is in vogue, but it is not the common process by which they make puttoo cloth.

President.—Do they make it direct from yarn?

Mr. Murthy.—Yes, and also from Kamblis as well. But the general practice in the hills in the United Provinces would be to make it from woollen yarn. The woollen yarn is spun by the hill tribes—particularly these Bhutias who are a nomadic tribe and have no fixed home at all. Even when they are shepherding their sheep, they spin yarn on taklis. It will be a very coarse yarn and they have a small type of portable loom on which they weave the yarn into cloth.

President.—Do you consider Bhutias as inhabitants of the United Provinces?

Mr. Murthy.—They are. In fact they have three homes. In winter they will be in the United Provinces proper and just before winter sets in at the foot of Tibet more or less and during summer proper they will be going into Tibet to fetch the wool.

President.—With their flocks?

Mr. Murthy.—Yes.

President.—For grazing purposes?

Mr. Murthy.—They act as carrier sheep. They pack wool in the form of a rope and tie it to the goat or sheep and cross the Tibetan side. That is how they tranship wool.

President.—Do they take wool from the United Provinces?

Mr. Murthy.—No. They bring wool from Tibet to the United Provinces. They carry spices and salt from the United Provinces. During the period when the menfolk are moving about, their womenfolk are busy weaving the yarn into cloth. Weaving is mostly done by women, whereas spinning is done by men.

President.—They reverse the process of the plains.

Mr. Murthy.—Only up to a particular distance, their womenfolk move with them. Afterwards they settle down in their homes and prepare the cloth whereas the menfolk cross the border, bring the wool and then the cloth that is prepared is sold in November—December and in January also in some of the fairs that are held in the United Provinces.

President.—Do they make blankets as well as puttuo cloth?

Mr. Murthy.—They do make blankets, but they confine themselves to fabrics of small widths.

President.—They will have to be sewn together?

Mr. Murthy.—Yes.

President.—But their chief output on Bhutia looms is puttuo cloth?

Mr. Murthy.—As well as blankets. From some fine pashmina wool they even prepare shawls and what they call Thulmas, when they get nice wool, they spread it over as in the process of felting.

President.—It is not a woven cloth?

Mr. Murthy.—Not a woven cloth in the strict sense.

President.—What is that used for?

Mr. Murthy.—Just as blankets or rugs. It is even better.

President.—Is it very thick?

Mr. Murthy.—Yes.

President.—They don't make it into clothing?

Mr. Ghoshal.—They also make coats. They look like fur coats. They are usually employed as substitutes for fabrics.

Mr. Murthy.—It is an expensive fabric. Specially fine wool is employed for that purpose. Professor Barker in his Note has given a short description of these products.

President.—I would like to ask you a few questions about wool. The Bhutias I suppose use chiefly hill wool with a long staple.

Mr. Murthy.—Yes, and also from their carrier sheep they clip twice a year. That wool is not good wool, but because they get it out of their own flock which is usually a big flock they use that wool also.

President.—For making puttuo cloth?

Mr. Murthy.—For making puttuo and some other inferior cloth. They make a good many carpets—not big sized carpets but small carpets and the like. For that purpose they use that wool.

President.—They are pile carpets?

Mr. Murthy.—Yes. They are not closely woven. For their artistic work they are largely sold.

President.—Is this short wool of the carrier sheep the sort of wool which is got all over the United Provinces?

Mr. Murthy.—Much similar to that.

President.—That is the type of wool which is used for carpet yarn?

Mr. Murthy.—Yes, as well as blanket yarn.

President.—It is a short staple wool with coarse fibre?

Mr. Murthy.—Yes.

President.—Do the Bhutias mix the short staple wool with the long staple which they get from Tibet?

Mr. Murthy.—They don't. The long staple wool they make into better fabrics and also they sell. They mostly bring wool for selling.

President.—Do they manufacture their shawls of it?

Mr. Murthy.—Shawls, Thulmas, etc. They make expensive stuffs.

President.—You say in the first paragraph of your note "Of late some shawl making has also been introduced at the weaving centres by the efforts of the weaving school". That refers, I suppose, to the plains and not to the old fashioned hill shawl.

Mr. Murthy.—That is the ordinary shawl woven in fly shuttle looms.

Mr. Ghoshal.—In their manufacture they use imported yarn.

Mr. Murthy.—Pashmina is obtained in small quantities. Of late, they are trying to manufacture in some places even in the hills shawls looking like Pashmina shawls. They import 2/78s and 2/60s from outside and weave them into shawls.

President.—They are importing yarn into the hills where they have been making Pashmina shawls?

Mr. Murthy.—Quite so. A continuous demand was created by introducing Pashmina shawls and as this kind of yarn is obtained, in small quantities the shawls are made from imported yarns.

President.—Is there a very large difference between the Pashmina article and the new article?

Mr. Murthy.—Not much in appearance but in feel. Even in appearance there is difference to a certain extent.

President.—Is that Japanese yarn?

Mr. Ghoshal.—Polish and Japanese. They use Japanese yarn for hosiery and Polish and Continental yarn for weaving.

President.—We found in the Punjab Polish yarn for weaving has been superseded by the Japanese?

Mr. Ghoshal.—Of late, Japanese yarn is coming more for weaving. Particularly this season Japanese yarn has been very much used, but we would not be able to say to what extent. Several firms with two looms and four looms are buying the Japanese yarn and manufacturing large quantities of these shawls.

President.—Is the Japanese yarn satisfactory for weaving?

Mr. Murthy.—It has been quite satisfactory. As far as buyers are concerned, they are not able to make any distinction and as far as manufacturers are concerned they are able to turn out shawls quite as easily with Japanese yarn as with Polish yarn.

President.—We have been told that the Japanese yarn tended to become rough after use in pullovers and slipovers.

Mr. Ghoshal.—The garments have been made only this season. It is too early to say.

President.—Japanese yarn has not been extended to the United Provinces so much as it is to the Punjab?

Mr. Ghoshal.—In the Punjab, the hosiery industry is much more developed.

President.—For what purpose is the ordinary cottage made blanket used? I take it there are two types normally. One is the rough heavy type which is used more or less as a waterproof by the cultivator?

Mr. Ghoshal.—Yes, the thick variety.

President.—What we call Kamblis. There is another type which is used more by the urban people.

Mr. Murthy.—Even in the hills there is not so much distinction between the use of Kamblis and blankets. They use the Kambli for the same purpose: in fact, in some of the hill district, Kambli forms the only garment they have. They use it in the form of Dhoti. Even womenfolk use a long kambli during the day time as dress and during the night as covering.

President.—That would be quite different from the rough greasy variety?

Mr. Murthy.—It would not be so thick.

President.—It would be made of finer yarn?

Mr. Murthy.—Yes, the handspun yarn will be finer than the coarse machine spun yarn which is usually employed for blanket manufacture.

President.—What sort of weights are these common blankets?

Mr. Murthy.— $2\frac{1}{2}$ to $2\frac{3}{4}$ lbs. That is as far as kambli are concerned and blankets will be very much heavier, about $4\frac{1}{2}$ to 5. We take about $5\frac{1}{2}$ lbs. in blankets and after milling its net weight would be about $4\frac{1}{2}$ lbs.

President.—Is the Kambli milled?

Mr. Murthy.—It is, but not to the same extent as blankets. If held under light you can see the pores whereas in blankets you see a sort of felted surface.

President.—I understand one of the merits of the kambli manufactured in Central India and South India is that it is not milled; you don't clean the natural grease so that it acts as a waterproof. By milling you take away the natural grease.

Mr. Murthy.—That is so. To some extent it is found that kambli are used without being milled whenever they are used for dress as well as covering at nights and the grease is not taken off. But when they are merely used for covering purposes they are generally milled. For instance the Muzaffarnagar and Najibabad blankets are almost all milled. They soak them in water; they even allow them to stay in wet pits for two days. They also soak them in a solution of certain kind of leaves in which they acquire a sort of fine shade.

President.—Is this white wool or mixed?

Mr. Murthy.—It is invariably black. White will be sorted out for better types of blankets and so though kambli have not got that nomenclature, both these types of blankets are included there.

President.—The yarn or the wool is not scoured?

Mr. Murthy.—No.

President.—The only cleaning it gets is in the carding?

Mr. Murthy.—Even carding is only to take out the dirty wool and open it out.

President.—You say that this industry is being seriously affected by the importation of Italian rugs and blankets.

Mr. Ghoshal.—Yes.

President.—In urban areas I suppose Italian blankets are being preferred on account of their fineness?

Mr. Ghoshal.—Yes, and on account of the colour and appearance also.

President.—Has the Italian blankets reached the villages?

Mr. Ghoshal.—Yes; even the kabulis supply these; they sell on the instalment system and carry this stuff in the villages now.

President.—What sort of prices do these Italian rugs fetch?

Mr. Ghoshal.—From Rs. 3 to Rs. 8. Those that are mixed with cotton are very cheap, anything from Rs. 2 to Rs. 8.

President.—Are they 5 lb. blankets?

Mr. Ghoshal.—About $4\frac{1}{2}$ to 5 lbs.

President.—At what price is the Muzaffarnagar blanket sold?

Mr. Murthy.—The kambli type is sold at about Rs. 3 to Rs. 4 and the pattern type average quality about Rs. 4 to Rs. 4-4 and the good quality is sold at up to about Rs. 9, but for that they are not using United Provinces wool; they are getting better quality of wool from Bikaner and some Tibetan wool also.

President.—Which is the type of blanket which is being mostly hit by Italian competition?

Mr. Murthy.—All equally.

President.—Does that mean that the ordinary well-to-do peasant would prefer to pay say Rs. 8 for the Italian blanket rather than pay Rs. 5 for the Indian blanket?

Mr. Murthy.—There are blankets of all grades and types. The man who buys the Muzaffarnagar or Najibabad blanket for Rs. 4 or Rs. 4-8, if he happens to find that he can get blanket which feels better at the same price he would rather go in for that. With regard to the blankets for the poorest classes the local industry is catering for it but these are being replaced to a considerable extent by the imported blankets.

President.—Imported blankets of course have a number of prices and I suppose their prices are regulated to fit the market?

Mr. Murthy.—That is so.

Mr. Ghoshal.—It means that the dealers have got a greater margin and they therefore prefer to push the sale of these blankets and of course they have greater scope for making money owing to the ignorance of the buyers.

Mr. Murthy.—In indigenous blankets the margin is very little because almost everybody knows approximately at what price the dealer has purchased; so, as far as the seller is concerned, he would prefer to sell an article whose price is not known to the buyer so that he can fix his own price. A blanket sold at some centre for Rs. 4 may be sold at Rs. 5 in some other centre; the same man sells the goods at different prices at some other place or mela.

President.—For how long has this competition been severe?

Mr. Murthy.—Since the last three or four years.

President.—Has it been discovered yet generally that the shoddy blanket has no wearing qualities?

Mr. Ghoshal.—The grey variety which even entered the hill villages and competed with kambliis, that has been found out, but so long as things of various grades come . . .

President.—What is this grey blanket; is it Italian?

Mr. Ghoshal.—Yes.

President.—That is the cheapest of all Italian blankets?

Mr. Ghoshal.—Yes. There is very little wool in it.

President.—What is the life of one of these blankets; two years?

Mr. Ghoshal.—That is the maximum I think. The better ones last a little longer. As I said, Japan has introduced several qualities of blankets this year and for Rs. 3 they are offering a very decent one.

President.—Does the Japanese blanket come in any great number?

Mr. Ghoshal.—In the towns yes. I have no experience of the village market of this season.

President.—The carpet industry you say has not suffered. It has been helped by the Ottawa agreement.

Mr. Ghoshal.—It has. But of late a new situation has developed. We heard about a fortnight ago that the market was flooded at Mirzapur and you could buy carpets at any price at there; they are getting no outlet and I am told that they might have to be auctioned at any price.

President.—Imports into the United Kingdom has increased to a great extent?

Mr. Ghoshal.—Yes. This overproduction is the result of speculation. Last year Australia took a large amount of Mirzapore carpets and I think this increase was in anticipation of that demand continuing. There are two classes of merchants; there are European firms in Mirzapore who have got their agents in London through whom they get fixed orders and they supply according to designs and specifications. There are others who are mostly Indians who buy carpets at whatever cost they can and through the shipping agents in Calcutta they send these up to London. These are the people who might have created overproduction. We have been getting enquiries from merchants as to the names of persons who trade in carpets in England and other countries who buy carpets. This continued speculation and overproduction may cause a break down just as we had a few years ago.

President.—That means that production of carpets in cottages is encouraged by mahajans who finance them?

Mr. Ghoshal.—Yes.

President.—And they supply them with wool?

Mr. Ghoshal.—They supply them with wool and buy their stuff. They also buy wool themselves from markots held both for the sale of carpets as well as the purchase of wool.

President.—That introduces an element of speculation in the business?

Mr. Batheja.—You mean these European firms and the mahajans have created a glut?

Mr. Ghoshal.—The European firms are catering for fixed clientele abroad.

Mr. Batheja.—Then these Indian mahajans have created a glut?

Mr. Ghoshal.—That is my impression but I have not visited the place myself. It has been reported that things have come to such a pass that carpets would have to be auctioned.

Mr. Batheja.—Is this a new situation?

Mr. Ghoshal.—We had this a few years ago.

President.—It is due to anticipation of demand from other Empire countries: Is this the outcome of the Ottawa agreement? Has the Ottawa Agreement encouraged them into making larger quantities?

Mr. Ghoshal.—Yes. These goods are sent to England and from there some of it goes to other countries. They find it cheaper to send it to England from where it goes to the continent also.

President.—There is also a report that the market is being affected to some extent by Persian carpets?

Mr. Ghoshal.—And also from Turkey these carpets are coming by land.

President.—Where is the market for those?

Mr. Ghoshal.—In the towns.

President.—You are not referring particularly to the United Provinces?

Mr. Ghoshal.—No. The United Provinces have so long been supplying to all the cities in India but the demand has fallen.

President.—Have you any information about the Persian carpet industry?

Mr. Ghoshal.—It may be due to the encouragement they are getting for export. A system has been introduced in Persia by which export is encouraged and it may be due to that. We have referred to the Government of India to find out whether these carpets are coming duty free through the land frontier or not, but that is the complaint made by some carpet manufacturers.

President.—The hosiery industry has not yet assumed the importance in the United Provinces as it has in the Punjab?

Mr. Ghoshal.—Not to that extent.

President.—They are using large quantities of Japanese yarn but are being affected by the importation of Japanese hosiery.

Mr. Ghoshal.—That is so.

President.—I don't understand your reference to German competition because the Customs statistics show that there has been no German imports at all for the last two years and for the last four years they have been going down steadily.

Mr. Ghoshal.—German goods are also in the market. In the case of superior quality goods that have been made by some of the hosiery firms—there is one at Lucknow—they find that their chief competition is from Germany.

President.—In the statistics importation of woollen hosiery in 1933-34 from Germany was nil. In 1932-33 the imports of woollen hosiery were 1,400 lbs.; in 1931-32, 7,000 lbs. and in 1930-31, 16,000 lbs. You will see from these figures that in the last 4 years importations from Germany have been rooted out.

Mr. Ghoshal.—Do you include pullovers in it?

President.—Everything.

Mr. Ghoshal.—It is very strange. I have been told not so long ago by a dealer in Lucknow who makes a large quantity of hosiery goods and who is also a dealer in imported goods that German things are still competing.

President.—Are German things cotton or woollen?

Mr. Ghoshal.—Woollen. That may be his experience. In the face of the statistics I cannot say anything.

President.—He may be out of date. In 1930-31 German competition was bigger.

Mr. Ghoshal.—Yes.

President.—Turn to page 2 of your note. You say a few small scale cottage weaving factories have been started and they don't exceed 20 in number. On the next page you give the number of blanket factories using power as 8 in the United Provinces.

Mr. Murthy.—20 is an estimate of the small factories.

President.—And 8 is the figure about which you have definite information?

Mr. Murthy.—Yes. They are unimportant in the sense that they are not big factories. In Almora District it is common to call two looms as a factory. The students after completing their course in our school put in a couple of looms and start working. After 4 or 5 months working in the season they close their shops.

President.—Is that weaving?

Mr. Murthy.—Yes, such practices are not uncommon even in regard to hosiery factories as far as the hills are concerned. In the plains they have a bigger type of factories working throughout the year regularly.

President.—Do they work for 12 months?

Mr. Ghoshal.—Yes, because they do silk weaving also.

Mr. Murthy.—They work for 10 months continuously.

President.—What part of the year do they employ their looms on wool?

Mr. Murthy.—In Nazibabad and Muzaffarnagar it is a common practice that all the looms are employed practically for 10 months in the year even during the hot season. Just after the Holi they get a new crop of wool in the month of April, when they buy new supply of wool. In May, June and July they will be weaving the blankets and in August, September they finish them. They are ready for sales in October, November and December. Practically in the month of January and February there is a slack season when the woollen prices will be high and supplies of wool exhausted. They don't bother to manufacture in that season. So practically every 10 months in the year all the looms will be busy on wool.

Mr. Murthy.—Yes.

President.—Are there some weavers who use the looms in the off season for silk?

Mr. Murthy.—Some of them use their looms. In some of the factories they use some looms for the manufacture of shawls and on the same looms they manufacture shawls, they manufacture silk in the off season and prepare. Dupattas, silk chaddars and so on. On the blanket looms they cannot use silk. They keep them exclusively for blankets. In the case of ordinary fly shuttle looms and even throw shuttle loom for light goods, they employ them for silk afterwards.

Mr. Batheja.—How long do they employ them for silk?

Mr. Murthy.—For 3 or 4 months in the year.

Mr. Batheja.—On wool they are engaged?

Mr. Murthy.—That is as far as blankets are concerned. There are certain looms which are of finer reed and can manufacture lighter goods such as shawls.

President.—Could you fix a proportion? You have given the number of looms as 2,500 apart from bhutia looms.

Mr. Murthy.—2,500 is only for one centre. There will be altogether 7,500 for blanket weaving. Nearly 2,000 looms are at work in Muzaffarnagar district alone. With regard to those bhutia looms, they may not be quite employed all the year round. As I said these Bhutia looms are not stationary but portable. Wherever the womenfolk are engaged, on weaving they are continuous. When I say continuous they may be weaving only for about 4 months in the year, because they are moving about. With regard to the other men folk, when they think that they have got sufficient yarn, they prepare the warp and just prepare small length puttoos. These Bhutia looms are easily portable. For sheds they employ only bamboos. Practically their outfit is weighing about 8 or 10 lbs. Whenever they get enough length of yarn, they try to weave that. It is very hard to explain the 12,000 figure which is an estimate made by our department's representative in the hill districts. Even though the population in the hill district is very small, if you compare the statistics with the people there, you would not be able to justify that figure at all. In the hill district and round about, the population is 12,000, because it is a nomadic tribe who are always moving about and therefore even statistics would not be accurate.

President.—I suppose there will be one per family.

Mr. Ghoshal.—One loom per family.

Mr. Murthy.—More than one loom. It is such an inexpensive equipment. Whenever they get enough yarn, they prepare the puttoo. That is as far as those people who are preparing or manufacturing things for their own consumption. They are not for sale. There are other people who manufacture and depend upon the manufacture for a living. We have not been able to collect statistics of how many such looms there are.

President.—Generally is it true to say that cloths made on Bhutia looms are purely for home consumption?

Mr. Murthy.—No nearly Rs. 8 to 10 lakhs worth of trade is carried on with Bhutia products. So it would not be correct to say that they entirely do it for their own consumption. Though such looms are widely employed in all the hill cottages, a good bit of the product turned out is put on the market.

President.—Is it possible to arrive at any sort of estimate of production from the Bhutia loom?

Mr. Ghoshal.—The Bhageswari fair is held in Nainital where these commodities are exchanged. There is a registry of goods sold. So we are able to supply you with figure.

President.—The estimate given here excludes puttoo cloth.

Mr. Murthy.—That is for blankets only.

President.—So that we have got no estimate for puttoo.

Mr. Murthy.—No.

President.—In answer to question 4 you have given the number of looms as 2,500.

Mr. Ghoshal.—That is right. They are based on the reports of the two centres that we have received, Muzaffarnagar and Najibabad. We have not had time to get the returns of other places.

President.—What about this estimate of 7,500?

Mr. Murthy.—That estimate we have arrived at later.

President.—For the whole province?

Mr. Murthy.—Yes.

President.—Excluding Bhutia looms.

Mr. Murthy.—Yes.

President.—There would be 7,500 in the Province.

Mr. Batheja.—Including power looms?

Mr. Murthy.—Excluding power looms.

President.—How many of the 7,500 looms can be used for silk or cotton weaving?

Mr. Murthy.—150 to 200.

President.—Not more than that?

Mr. Murthy.—No. From the returns we have got they consume about Rs. 10,000 worth of woollen yarn on these looms.

Mr. Addyman.—About 5,000 lbs.

Mr. Murthy.—Yes.

President.—The estimate of carpet looms could be taken as correct.

Mr. Murthy.—Yes.

President.—Does that include factories?

Mr. Murthy.—It includes the carpet looms at Mirzapore factories. There are special varieties of looms set up for particular carpets. Usually the factories have got very few looms of their own. They distribute them to their fixed workmen in the villages. It is only extra odd size carpets that would require room.

President.—The bulk of the work at Mirzapore is done on cottage lines, although organised on factory lines.

Mr. Murthy.—Yes.

President.—Is it the same in Agra?

Mr. Murthy.—Yes. With regard to carpets all these foreign firms book regular orders and get things made to order. Whenever Mahajans find that there is a brisk trade they find that there is a market abroad and begin to manufacture in anticipation of the demand. When they find that they are not able to sell their products, they find that they are spoiling their own trade.

Mr. Rahimtoola.—Due to overproduction.

Mr. Murthy.—Yes in anticipation of the demand goods are manufactured and the workmen kept busy.

President.—I should like to pass on to the numbers engaged in the industry. We have now got an estimate of 7,000 looms for the province. You agree, I think, that 3 workers per loom would not be out of the way including spinning.

Mr. Murthy.—It would be more than that. 5 per loom is a fairer estimate than 3.

President.—That means that 35,000 are engaged in weaving.

Mr. Murthy.—Yes. 3 may be an average estimate for Bhutia looms.

President.—3 for each of the 12,000?

Mr. Murthy.—Yes.

President.—That gives us approximately 70,000.

Mr. Murthy.—Yes. With regard to the Bhutia looms, the Bhutia population is a weaver class and do side by side their selling business. It is very hard to say who exactly are engaged in weaving. Their occupation is to take care of their flock, spin and weave cloth and do business as well. They bring down wool from Tibet to the plains.

President.—Are they carriers?

Mr. Murthy.—They are traders. They bring wool, dispose it of and carry with them merchandise such as salt, pepper, cloth and various other things.

President.—What would you put the whole Bhutia population at?

Mr. Murthy.—I haven't got those figures.

President.—If 12,000 looms is anything like correct, I suppose there would not be less than 40,000.

Mr. Murthy.—There would be 40,000 Bhutias. Apart from Bhutia population there are hillmen also.

President.—Whom you class as doing the same type of work?

Mr. Murthy.—In Almora proper and even in villages round about Almora District the same type of work is also carried on.

President.—Then it would not be an extravagant estimate to say that about 70,000 people are engaged probably spasmodically in the woollen trade.

Mr. Ghoshal.—They are partially or wholly dependent on that trade.

President.—One cannot get anything more definite than that.

Mr. Ghoshal.—Not unless a detailed survey is made all the year round watching their activities.

President.—Even a census can go wrong.

Mr. Murthy.—It has gone wrong.

Mr. Ghoshal.—They don't give out their profession as kambli workers.

President.—How many would you put to a carpet loom?

Mr. Ghoshal.—It cannot be less than three.

President.—Some of the carpets are quite small.

Mr. Murthy.—But some require as many as 20.

President.—They don't spin their own yarn. They use mostly mill spun yarn.

Mr. Ghoshal.—That is for costly carpets.

President.—Are these other cottage workers who are financed by Mahajans using mostly handspun yarn?

Mr. Murthy.—Yes.

President.—Let us take 3 to each carpet loom.

Mr. Ghoshal.—Yes.

President.—It will bring the total population engaged in the woollen industry to 85,000.

Mr. Murthy.—We estimated taking all those factors into consideration. I don't know if you would like to include part of the jail population who turn out these carpets. In the United Provinces, jails manufacture blankets for their own consumption. It is carried on in Benares, Agra and Bareilly Jails. Their requirements of blankets are supplied by their own convicts. When you come to the question of consumption of yarn as well as wool, that would certainly affect the calculation as a good bit is manufactured in jails.

President.—If it is important, it must be taken into consideration, but I would like to keep it separately.

Mr. Murthy.—I am mentioning that factor because when you come to wool consumption nearly 1,000,000 lbs. of wool is consumed in various jails for the manufacture of blankets or something between kambli and blanket.

President.—What are your final estimates?

Mr. Murthy.—About a lakh of people.

President.—That is including the jail population which is working on wool?

Mr. Ghoshal.—No. But including dependents who assist in one way or another.

President.—That is including workers and dependents.

Mr. Ghoshal.—By dependents I mean helpers—all people connected with the industry.

Mr. Batheja.—You don't mean dependents, do you?

Mr. Ghoshal.—Assisting dependents—I cannot say what their exact place is.

President.—They are occasional helpers, I suppose.

Mr. Ghoshal.—Yes.

President.—Is this factory at Dayalbagh a blanket factory?

Mr. Murthy.—Not essentially a blanket factory, but they have got a small spinning plant—just a small spinning frame—with 120 spindles and cards. They make their own yarn, but they are not doing it continuously. Sometimes they are supplying yarn; sometimes they are making blankets.

President.—How many power looms do they have?

Mr. Murthy.—I have been there. They have got about 60 looms, cotton, silk and wool, and 40 handlooms. Some of them are occasionally working. As far as wool is concerned, they have not been steadily manufacturing woollen goods.

President.—There are spinning factories, one at Najibabad for blanket yarn and the other at Mirzapur for carpet yarn.

Mr. Murthy.—Yes.

President.—And these 33 hosiery factories to which you refer include cottages with one or two machines in them.

Mr. Ghoshal.—At least more than one machine.

President.—The wages in these blanket factories seem very low. What is the reason for that? It does not compare with the wages which the hosiery industry is able to pay. You say that the blanket factories pay Rs. 5 to Rs. 5-8 a month. At Muzaffarnagar the rate is 4 annas a day.

Mr. Murthy.—Wages of Rs. 5 to Rs. 5-8 are paid for short width blankets which are woven—about 20 or 24 inches wide. When they are engaged on daily wages, they are paid about 3 to 4 annas per day.

President.—Are they paid on piece work basis?

Mr. Murthy.—Sometimes. The general practice is to engage them on daily wages.

President.—But Rs. 5 to Rs. 5-8 is not a living wage?

Mr. Murthy.—It is not. What happens particularly in Najibabad is that all those people who are working in the factory are more or less the relatives of the owner of the factory. They were doing work for nothing—a sort of family doing its work—and now they are getting some money.

President.—Do they get food in addition?

Mr. Murthy.—No. He engages those people who do not normally get any other work. They represent the surplus labour in the community. All these people who are engaged are in some way or other related to the factory owner.

President.—One need not pay very much to a cousin brother—is that it?

Mr. Murthy.—That is how it is looked upon. Sometimes these people go and take food in his house for three or four days.

President.—Then it is not really an economic wage.

Mr. Murthy.—No. Their internal relationship is such that they do not strictly follow economic costings. But they would not go and serve anybody else for four annas.

President.—What are these factories which you refer to in sub-section (4), question 3?

Mr. Ghoshal.—For shawl weaving.

Mr. Murthy.—Some ex-students of the school who had passed out have started factories. They have engaged some good weavers who can weave 64 or 70 inch shawls. They pay higher wages.

President.—Now I would like to deal with your estimate of wool consumption in reply to question 8.

Mr. Ghoshal.—I would like to say straightaway that it should be 5 million lbs. and not 8 million lbs. It was a mistake in typing.

President.—Is this an estimate of consumption of the cottage industries only, excluding big mills?

Mr. Ghoshal.—Yes.

Mr. Batheja.—What big mills do you exclude?

Mr. Ghoshal.—All power looms.

President.—The average price of 4 to 6 annas covers all the types of wool?

Mr. Murthy.—Ordinary plains wool.

President.—The average is not increased by the Tibetan types.

Mr. Murthy.—No. The Tibetan wool will be more expensive.

President.—6 annas is paid for the better class of plains wool and 4 annas for the poorer class of wool?

Mr. Murthy.—Yes.

President.—Is it for the unscoured wool?

Mr. Murthy.—Though they pay Rs. 15 to Rs. 20 per maund or $3\frac{1}{2}$ to 4 annas per lb., at sight, it comes to about $\frac{1}{2}$ anna extra. What they do is: they send round their man to buy it from the bazar or market and it is carried to their places. In a place like muzaffarnagar or Najibabad it would cost them about 4 annas per lb. That is for the poor quality. It will be 6 annas for the medium quality.

President.—Is it ready for use?

Mr. Murthy.—Yes.

President.—That is before carding.

Mr. Murthy.—Yes.

President.—No cleaning is done?

Mr. Murthy.—No, nor sorting. It is mixed with all sorts of dirty wool, though in some markets they keep stripped wool separate, especially where there are slaughter houses. They generally mix it and don't discriminate at all.

Mr. Batheja.—What are your wool collecting centres?

Mr. Murthy.—Meerut as well as Najibabad districts. Apart from that Jhansi, Gorakhpur, etc. It is mostly western districts of United Provinces where sheep rearing is common.

Mr. Batheja.—What are the marketing centres or towns?

Mr. Ghoshal.—Rewadi, Gurgaon, etc.

President.—Tibetan wool does not come into these markets?

Mr. Murthy.—No. They come down to Tanakpur.

Mr. Ghoshal.—They bring some wool to these markets, but it is not a regular trading article.

President.—When you say the price of mill spun yarn is 14 annas to one rupee per lb. is it blanket yarn?

Mr. Murthy.—Yes. That is the price of mill spun yarn at Najibabad.

President.—Handspun yarn would be similar to that. Could you get it at 8 to 10 annas per lb.?

Mr. Murthy.—Yes. That will be finer. They cannot use it straightaway. They will have to double it. As regards the machine spun yarn, they can use it straightaway on the looms.

President.—You say that the price of imported yarn for shawls and hosiery is Rs. 2-12 to Rs. 3-12 per lb. and that of Indian mill spun yarn Rs. 2 per lb.

Mr. Ghoshal.—Mostly they will get it from Amritsar market.

President.—These import prices are prices for Polish and Japanese yarn?

Mr. Ghoshal.—Yes.

President.—The Indian mill spun yarn mentioned in (d) question 9 which you put at Rs. 2 per lb., is that hosiery yarn, or weaving yarn?

Mr. Ghoshal.—Weaving and hosiery yarn. But very little of it is used.

Mr. Murthy.—Unfortunately it is not possible to secure yarn for weaving purposes.

President.—Which mills are you referring to?

Mr. Murthy.—Cawnpore Woollen Mills. It has not been possible to secure blanket quality yarn from them.

President.—And finer shawl yarn?

Mr. Murthy.—These people have not attempted to get it at all.

President.—Has no reason ever been ascertained for that? Is it that the Cawnpore Woollen Mills do not manufacture yarn which is required for their purposes?

Mr. Murthy.—The cottage blanket industry is in direct competition with the mill industry. Before I lent my plant to the Najibabad people I tried to get blanket yarn from the woollen mills but I did not succeed.

Mr. Rahimtoola.—What was the reply you got?

Mr. Murthy.—They did not quote for the yarn at all.

Mr. Rahimtoola.—That means that the yarn was not available.

Mr. Murthy.—They did not want to encourage these people although they did not say so in so many words. That is our inference.

President.—Can you give us any indication of the extent of competition between the mill and the hand loom blankets?

Mr. Murthy.—They are in direct competition so far as lower grades are concerned. Blankets costing over Rs. 4 are manufactured by the Lallimli mills. The Balmukund mills products, for instance, are directly in competition with cottage woven blankets.

President.—How often do they want to use mill spun yarn? Would it be cheaper to use it than their own hand spun yarn?

Mr. Murthy.—Yes because with mill spun yarn it is possible for them to use the yarn straight on the loom and manufacture blankets of the full width whereas with the hand spun yarn they can weave only 20" wide blanket strips.

President.—Is the yarn the cause of that?

Mr. Murthy.—Yes. They could not use hand spun yarn because of breakages and because they are not very regular. Even now at Najibabad for warp they are using mill spun yarn and for weft hand spun yarn and for better quality blankets both warp and weft mill spun yarn and for medium quality weft hand spun and warp machine spun. The very same people if they had more money would like to put up another spinning plant. At least one or two plants of that type could be put in at Muzaffarnagar also—

I mean spinning plant for the manufacture of yarn. There is a great demand for machine spun yarn for the blankets industry.

President.—Have they ever imported blanket yarn?

Mr. Murthy.—They have not tried it.

Mr. Batheja.—Would it be too dear?

Mr. Ghoshal.—They can't stand competition from hand spun yarn. As it is even for kamblis they do not venture to use the mill spun yarn.

Mr. Murthy.—If they get the yarn from outside it is bound to be expensive. In the machine made yarn supplied to Najibabad there is hardly any margin and the imported yarn will come in competition with two classes, the hand spun yarn from which kamblis are made and the other is the mill spun yarn. Mill made blankets being superior in finish, they are being sold to a greater degree and so even these Najibabad people who have been producing their blankets from mill spun yarn have not been able to realise their full value on account of lack of finish. In cheaper qualities they are directly in competition with blankets made from hand spun yarn and in addition to these there is competition from the imported blankets.

President.—Even if it were possible to restrict importation of these cheaper blankets there still remains the problem of the competition between the mill industry and the handloom industry. Have you got any suggestions to make about that?

Mr. Ghoshal.—Direct State aid is the only solution.

President.—What form should it take?

Mr. Ghoshal.—By lending the spinning plant which was owned by the Industries Department to the Najibabad Weavers Co-operative Society we have been able to encourage that industry in that locality to a considerable extent. Nearly 150 lbs. of yarn is spun every day for nearly 300 days in the year.

President.—By the Co-operative Societies themselves?

Mr. Ghoshal.—They have been able to engage about 8 fly shuttle looms at work for blanket weaving and their blankets have established a reputation in several district of the United Provinces.

President.—That is the superior type?

Mr. Murthy.—Yes.

President.—How do they finish them?

Mr. Murthy.—Practically there is no finish except crude milling. Recently we have been making some experiment with regard to drum milling.

President.—They make no attempt to finish them at all?

Mr. Murthy.—Milling is practical now. That is a handicap from which the industry is suffering to a very great extent.

President.—That is a matter in which you think they can be helped by Government giving them a finishing plant?

Mr. Murthy.—Yes.

President.—In Amritsar there are finishing plants provided and owned by private individuals, but one finishing plant has been started by a company who do a lot of finishing for other companies.

Mr. Ghoshal.—We have no such arrangements here.

President.—I should have thought that it would have paid itself. The Co-operative Society for instance could do valuable work by having a finishing plant.

Mr. Ghoshal.—The Weavers' Co-operative Society formed by gudrias is very poor. They can't afford to have a finishing plant and without proper security banks would not advance money, nor have Government been able to spare money.

Mr. Ghoshal.—Further the work there is more or less of an experimental nature and that is why people are not prepared to invest their own money in the enterprise.

President.—Your view then is that it is impossible to solve this problem of competition between the handloom weavers and the mills without direct State aid?

Mr. Murthy.—That is so, but if mill blankets could be sold at a higher price than that will leave enough margin even for the cottage products to compete. What is happening is that even with the 4 annas or 5 annas wages that a factory owner is paying to the weavers he is not able to make both ends meet: I know they are hardly getting 4 annas for their blankets; they don't reckon interest on the stocks lying with them; they don't reckon any transhipment charges to the various fairs where they take them for sale: they have practically to hawk them, and if all these costs are properly calculated you will find that their selling price is very much lower than their cost price and any relief that is afforded to the mill industry will affect his margin of profit.

President.—It depends on that relief. The millowners are inclined to make a great point of the fact that protection need not necessarily increase the prices. The relief they want is relief which will be obtained by the reduction in their costs by being able to use the whole of their plant. It is possible, therefore, that protection which would benefit the millowners would not result in an increase of prices at all except temporarily.

Mr. Murthy.—If the millowners are prepared to sell their goods at rock-bottom prices, in view of the fact that cottage weavers have always to sell at at least a rupee below that price on account of lack of finish, it will be difficult for those people to sell their goods.

President.—It will be too much to expect any industry to sell its goods at a higher rate than the economic price in order to protect the handloom industry. There is intense competition between the mills themselves.

Mr. Ghoshal.—They might agree not to manufacture the cheap and coarse blankets. That would give the handloom industry some relief. The second would be that the difference in the feel and finish of the cheaper quality Indian mill products would not be so great as it is to-day in the Japanese and Italian products. The softness and feel is not obtainable in the Rs. 3-12 and Rs. 4 blankets manufactured by the Cawnpore and some of the Bombay mills; I don't know if the mills are earning very much on these blankets. They are very much like the Muzaffarnagar blankets.

President.—Would you rely then on some sort of agreement that the mills should avoid making the very commonest types of blankets?

Mr. Ghoshal.—They have got a market for the superior stuff and they can leave the cheaper market for the handloom weavers.

President.—These remarks are all based on the assumption that you are going to prevent the poor consumer from getting what he wants. Are you satisfied that if we keep out the cheap Italian blanket which is now wanted by the poorer people, a substitute will be found which will content him?

Mr. Ghoshal.—In the long run it won't prove as cheap as it is believed to be. Where a Najihahad blanket will last for five years an Italian blanket will not last for two years.

President.—Hav'n't we got to assume that the purchaser knows his own interest. If he finds that it does not pay him to buy Italian blankets he will give it up.

Mr. Ghoshal.—He is always trying to use fancy goods at a price which is cheap although he knows that the article will not last. Take for example artificial silk. On festive occasion he finds that he can buy a blanket for Rs. 3 and he buys it although he knows that it won't last. I don't think there he is considering his best interest.

President.—Do you think Government will be justified in looking after his interest by preventing him from buying what he wants?

Mr. Ghoshal.—In a way yes. It will be to his interest and add to the wealth of the country. I think something must be given to these people by way of direct aid whether it is going to come from the millowners or from Government. They will not be benefited straightaway from these duties.

President.—Let me now pass on to the question of output. This 1,000,000 lbs. relates to blankets only?

Mr. Murthy.—And shawls which however form only a small proportion.

President.—Let us take 10 lakhs as blankets and 6½ lakhs as carpets only?

Mr. Murthy.—Yes.

President.—In order to get a complete estimate of the output of woollen goods of the province we have got to add to the figure of 1,034,000 some figure for puttoo cloth and shawls.

Mr. Murthy.—Yes.

President.—You have not attempted an estimate of that. Will it be fair to attempt to work it out from the wool? How do you arrive at your consumption of wool?

Mr. Murthy.—From the various districts we have reports regarding the consumption of wool; the quantity of wool sold annually in each district has been estimated and the total consumption of wool comes to about 5 million lbs.

President.—If you take your 1,684,000 lbs. of blankets and carpets you will have a balance which can be put to the other. Let us start from the wool; we have got 5 million lbs. of wool consumed. What percentage of yield, shall we say mixture, comes from that 5 millions? How much is lost in the mixing?

Mr. Murthy.—If you reduce it in the way of blankets about 7 lbs. of wool will yield about 4½ lbs. of blankets.

President.—What about puttoo cloth?

Mr. Murthy.—Puttoo cloth would be about the same. Selected wool is taken.

Mr. Addyman.—You mean carpet wool?

Mr. Murthy.—Yes.

President.—That works out to 64 per cent.

Mr. Murthy.—In carding alone it loses.

Mr. Addyman.—That includes the loss in cleaning?

Mr. Murthy.—Yes.

Mr. Addyman.—That is raw wool which comes straight from the back of the sheep.

Mr. Murthy.—Yes.

President.—In the case of puttoo it would be higher.

Mr. Murthy.—The yield would be higher.

Mr. Addyman.—10 to 12 per cent.?

Mr. Murthy.—15 per cent. would be the loss. He selects out of the whole stock of wool. Puttoo is manufactured in only a small quantity. He selects the pick and then he rejects the rest. Whatever loss is occasioned is borne by the other qualities. Very little cleaning is necessary. It is used as such.

Mr. Addyman.—It is worked in the greasy state.

• *Mr. Murthy.*—Yes, it is not washed.

President.—You have given us the output of blankets and carpets as 1,684,000 lbs.

Mr. Murthy.—Jail manufacture is not included in this. This is as far as blankets coming into the market are concerned.

Mr. Butheja.—One million lbs. is consumed in jail. Let us take 4 million lbs.

Mr. Murthy.—Yes.

President.—Let us retain 5 million lbs. for the moment. 1,684,000 of finished product represent 2,525,000. Taking 66 per cent. as the yield, you account for 25 lakhs of wool out of your 5 millions. Another 10 lakhs goes to jails. That leaves you 1,500,000 lbs. available for puttoo and shawls.

Mr. Murthy.—1½ million lbs. might not be all puttoo. Some of the blankets that are manufactured on cottage lines are consumed by themselves. They are not sold at all.

President.—What is this estimate? Is it an estimate of sales?

Mr. Murthy.—Sales in Muzaffarnagar and Najibabad markets.

President.—It is not production?

Mr. Murthy.—No. It is the quantity of goods sold.

President.—What would you put the estimate of blankets made for home consumption at? Is it possible to make an estimate?

Mr. Murthy.—It is not possible.

President.—If there are 1 million pounds of blankets put on the market, is there another million pounds of blankets used for home consumption?

Mr. Murthy.—I could not hazard a guess.

Mr. Batheja.—From producers you can get statistics.

Mr. Murthy.—Producers themselves make for their own use. There are several families which produce for themselves—these agricultural farmers.

Mr. Batheja.—You estimate the number of producers as one lakh.

Mr. Murthy.—Yes.

President.—Let us cut off 5 lakhs. That leaves one million lbs. for puttoo cloth.

Mr. Murthy.—I think that would be too much.

President.—75 per cent. of that would give you 750,000 lbs. for puttoo cloth.

Mr. Murthy.—Yes.

President.—If the sales of puttoo cloth are 8 to 9 lakhs, there will be 8 to 9 lakhs of production.

Mr. Murthy.—This 8 to 9 lakhs pounds include small carpets, tulmas, artistic goods and miscellaneous goods.

President.—Would it be fair to say that 7½ lakhs covers not only puttoo cloth but everything else?

Mr. Murthy.—Yes.

President.—Then we get an estimate like this: nearly 22 lakhs are blankets and carpets and 7½ lakhs everything else.

Mr. Murthy.—Yes.

President.—It a very rough figure but fairly accurate?

Mr. Murthy.—Yes.

President.—That is all that we can expect to arrive at.

Mr. Murthy.—Yes.

President.—In the past an attempt has been made to estimate the output of wool by taking the Census of sheep. You have not attempted to do that. Do you regard that as an accurate method of arriving at the wool?

Mr. Murthy.—That is the only method that has been attempted.

President.—What is the census of sheep in your province? 2,230,000?

Mr. Ghoshal.—2,230,000 (from the report shown by the president). There are 3 clippings in the year.

President.—If you take that number and divide it by the amount consumed, it will give you 2 lbs. of local wool per sheep if we assume that there is no importation. Is the importation considerable?

Mr. Ghoshal.—Yes from the Punjab.

Mr. Murthy.—What happens is a good bit of wool passes through the United Provinces. All the Tibetan wool that is sold passes through United Provinces—even the wool that is exported.

President.—A certain amount of Tibetan wool goes down to Calcutta.

Mr. Murthy.—Yes.

President.—Have you any considered estimate of the yield per sheep on your own local breed?

Mr. Ghoshal.— $\frac{3}{4}$ seer, that is about 1½ lbs.

President.—Sheep are sheared 3 times.

Mr. Ghoshal.—Yes.

President.—Half a pound each time.

Mr. Ghoshal.—It is not the same in every district. The average would be 1½ lbs. per sheep per year.

President.—The poorer sheep will give about 1 lb. and the hill sheep will give a little more.

Mr. Murthy.—Yes. In the estimate of yield of wool I wonder whether Bhutia flocks are included at all.

President.—I can't tell you.

Mr. Murthy.—Even to collect their statistics is difficult.

President.—There is a separate estimate in the statistics for United Provinces States.

Mr. Ghoshal.—The system in the hills is not so well organized as in the plains. These figures are all supplied by the Patwaris. It is quite possible that the statistics for the hills are not so accurate where the Patwari is also the Sub-Inspector of Police unlike that in the plains.

President.—At any rate you are not prepared to lay any great stress on the estimate prepared from the number of sheep.

Mr. Murthy.—No. In all official records we have said that that is the only basis we can arrive at. It is not very accurate.

President.—Out of the 5 millions which you have estimated for consumption, how much is imported?

Mr. Murthy.—If you include Punjab and the hills, it will be 30 per cent.

President.—There is a Hosiery Association in the United Provinces.

Mr. Ghoshal.—Yes.

President.—They have not submitted any representation.

Mr. Ghoshal.—They have been representing to the Government of India about their difficulties. I was expecting that a representation would be made. Mr. Misra is the Secretary of the All India Association. Its Head Office is at Cawnpore.

President.—I do not know of any All India Association.

Mr. Ghoshal.—We expected that they would be the first to represent.

President.—It looks to us as if the hosiery industry generally is in a pretty flourishing condition. If it is not, we want to know what reasons they have got to show.

Mr. Ghoshal.—About wool I do not know what they will have to say. About cotton they are not satisfied.

President.—They are flourishing so long as they can get cheap Japanese yarn. Any interference with yarn would upset them. That is the only question which has been brought to our notice.

Mr. Ghoshal.—Yes. We should give some protection to the yarn, but not to any great extent to the detriment of the hosiery industry.

Mr. Rahimtoola.—Have you seen the replies which have been received from the United Provinces Government concerning the Agricultural Department? We had enquired as to what the United Provinces Government are doing with regard to the improvement of the quality of wool.

Mr. Ghoshal.—That is not our province. We have not been instructed about that at all.

Mr. Rahimtoola.—I thought when you were representing the United Provinces Government, you might have been informed as to what exactly had taken place with regard to the preparation of their scheme. You know nothing about it.

Mr. Ghoshal.—This is the latest in connection with the grant which they got from the Imperial Council of Agricultural Research.

Mr. Rahimtoola.—I want to know whether it would be submitted to us in time.

Mr. Ghoshal.—We have not been instructed.

Mr. Rahimtoola.—I understand that you require protection with regard to blankets and hosiery industry and also you would like to support the enhancement of duty on piecegoods. I suppose you are suggesting the latter out of consideration to the mills.

Mr. Ghoshal.—Yes, and also our cottage workers. They will be benefited if the fabrics, shawls and other things are subject to the heavier duties.

Mr. Rahimtoola.—Do they go under piecegoods?

Mr. Ghoshal.—We have taken such fabrics as piecegoods. We have not strictly followed the classification in the tariff schedule.

Mr. Rahimtoola.—You mean by piecegoods, shawls and lehis?

Mr. Murthy.—Yes.

Mr. Rahimtoola.—As regards the question of protection you are strictly confining yourself to the cottage industry. It does not include indirectly the question of protecting the mill industry.

Mr. Murthy.—No.

Mr. Rahimtoola.—You recommend a heavy duty on cheap mixed wool goods whether cotton or shoddy. Can you give us some idea as to what you mean by heavy duty?

Mr. Murthy.—We know the present duty is 30 per cent. on such goods. The duty could be increased to 50 per cent. and a specific duty included.

Mr. Rahimtoola.—You want both specific and *ad valorem* duty?

Mr. Murthy.—Yes.

Mr. Rahimtoola.—You want *ad valorem* duty of 50 per cent.?

Mr. Murthy.—Yes, and a specific duty of 12 annas a lb. that should mitigate the handicaps of the cottage weavers.

President.—That is on blankets.

Mr. Murthy.—Yes.

Mr. Rahimtoola.—Can you tell me anything about the period?

Mr. Murthy.—Minimum period will be for 5 years. We have assumed that in a period of 5 years they will have overcome their difficulties in case Government come to their aid by direct State help.

Mr. Rahimtoola.—I was coming to that. You have referred in various paragraphs to the Co-operative Societies in connection with the running expenses.

Mr. Murthy.—The help will be given by encouraging the Co-operative Credit Societies to lend them more money than they would otherwise do through the assurance of Government.

Mr. Rahimtoola.—What about marketing? You have also mentioned that, have you not?

Mr. Murthy.—The Government of India and the United Provinces Government are giving some money to encourage the cotton cottage industry products. In the cotton handloom products we mean to include woollen products as well, in the same emporium. Our scheme for the marketing of cotton fabrics made by cottage industries will have a central marketing board.

Mr. Rahimtoola.—Under the Industries Department?

Mr. Murthy.—Yes.

Mr. Rahimtoola.—Has the scheme already started?

Mr. Ghoshal.—We have got money this year.

Mr. Rahimtoola.—What is this loan advanced by the Co-operative Department? Is this separate from the grant given by the Government of India?

Mr. Ghoshal.—Yes.

Mr. Rahimtoola.—This is given purely for woollen goods by the United Provinces Government to the Co-operative Credit Societies so that they may advance to the cottage workers who are in need.

Mr. Ghoshal.—Provided they are members of the Co-operative Credit Society.

Mr. Rahimtoola.—And all of them are members.

Mr. Ghoshal.—Not all.

Mr. Rahimtoola.—Is there a grant for knitting factories over and above Rs. 10,000?

Mr. Ghoshal.—We have given occasional grants to one or two knitting factories.

Mr. Rahimtoola.—Approximately what is the amount?

Mr. Ghoshal.—We gave Rs. 5,000 to one gentleman for starting a small power factory. We gave him a short term scholarship and sent him to England. There he learnt the use of small power machines. He came back and we gave him Rs. 5,000 to start a demonstration factory to induce others. That is one way in which we have helped the small hosiery industry. Then we have given loans to one or two ex students of our school to set up hosiery factories with two or three hand driven machines. We advanced Rs. 3,000 to one Co-operative Credit Society of hosiery manufacturers by way of loan. This of course was repaid very soon because it did not work very well.

Mr. Rahimtoola.—With regard to blanket business, most of the business is done at the fairs and exhibitions.

Mr. Ghoshal.—Yes.

Mr. Rahimtoola.—Are they held annually?

Mr. Ghoshal.—Annually in different districts at different times.

Mr. Rahimtoola.—Who are the organisers of these exhibitions?

Mr. Ghoshal.—For instance, the Harihar Chatra fair is held near Arrah in Bihar. That is a very big fair.

Mr. Rahimtoola.—Those are the famous fairs.

Mr. Ghoshal.—Yes.

Mr. Rahimtoola.—Those are not fairs organised by Government to exhibit the products made?

Mr. Ghoshal.—No.

Mr. Rahimtoola.—Then ordinarily very little blanket business is done apart from these fairs.

Mr. Ghoshal.—The bulk of the business is done in this way because there they get established markets.

Mr. Rahimtoola.—Do they get remunerative prices in those exhibitions?

Mr. Ghoshal.—I expect so, because all the wholesalers go there and make purchases.

Mr. Rahimtoola.—When the Co-operative Credit Societies are dealing with the matter, I don't understand how interests as high as 15 to 37½ per cent. can be obtained by the Mahajans?

Mr. Ghoshal.—Very few Co-operative Credit Societies there are in the United Provinces. The co-operative movement is not yet well established. I think Nazibabad is the most important division.

Mr. Rahimtoola.—Then, most of the trade is in the hands of Mahajans at present?

Mr. Ghoshal.—Yes.

Mr. Rahimtoola.—Government have no control or supervision over the excessive or exorbitant interests which the mahajans are charging?

Mr. Ghoshal.—Not now. The new law that is contemplated may give some relief.

Mr. Rahimtoola.—With regard to stores, you have sent us a statement. I want to know whether all these purchases are of Indian goods?

Mr. Murthy.—These are Indian purchases.

Mr. Rahimtoola.—Do you find the quality of Indian goods quite suitable to your requirements and comes up to the required standard?

Mr. Murthy.—Yes. In fact, in drawing up the specifications we do take into consideration the qualities that could be manufactured in the country.

Mr. Rahimtoola.—Most of them are from the United Provinces?

Mr. Murthy.—No. The Oriental Carpet Manufacturing Company held the contract for blankets and the Indian Woollen Mills, Bombay, for khaki serge. It depends upon the quality as well as the rates at the time in which tenders are called for as to who gets the contract for a year.

Mr. Rahimtoola.—You generally invite tenders and accept the lowest tender.

Mr. Murthy.—Invariably.

President.—What is this United Provinces Stores Department?

Mr. Murthy.—All the requirements of the Government Departments are arranged for supply through the Stores Purchase Section of the United Provinces.

President.—You don't use the Indian Stores Department?

Mr. Murthy.—Yes, we do in the matter of steel.

President.—Where you have to go outside the province?

Mr. Murthy.—Where the purchase is made outside the province and where inspection is easier if we employ the Indian Stores Department.

Mr. Ghoshal.—We have altogether a separate department also.

Mr. Rahimtoola.—As regards the price of Rs. 2 which you have given of Indian mill spun yarn, is that a nominal quotation?

Mr. Ghoshal.—I think it is merely a nominal quotation.

Mr. Rahimtoola.—But you have not been able to purchase any at that price?

Mr. Ghoshal.—Yes.

Mr. Rahimtoola.—You say that two kinds of wool are coming into the province. One is Tibetan and another Australian.

Mr. Murthy.—Australian wool is for the mills.

Mr. Rahimtoola.—Tibetan wool simply passes through your territory.

Mr. Murthy.—Part of it is consumed in the hills and is used in the manufacture of superior types of blankets which are sold at Rs. 9 to Rs. 10. Even in Muzaffarnagar and Nazibabad to a small extent, possibly 1,000 or 2,000 blankets are made per season of that quality.

Mr. Rahimtoola.—What is exactly meant when you say that imported wool is not used for spinning? The hill districts use Tibetan wool.

Mr. Murthy.—Yes. In Tibetan wool we have included Australian wool.

Mr. Rahimtoola.—Australian wool is used by the mills?

Mr. Ghoshal.—This is not clear here, but we have made it clear in the second letter.

Mr. Rahimtoola.—With regard to the pashmina wool, you don't get sufficient quantity. Pashmina wool comes from Kashmir.

Mr. Murthy.—Yes, and the plains of Tibet.

Mr. Rahimtoola.—You are getting very little. I want to know whether any efforts are made to get more.

Mr. Murthy.—There is no production of finer count. Pashmina is not a long staple wool, but it is very fine. On account of its fineness, it is used in the preparation of shawls.

Mr. Rahimtoola.—Do you contemplate State aid from the Government of India?

Mr. Murthy.—If an additional duty is levied we do expect aid.

Mr. Rahimtoola.—Something on the lines adopted for the cotton handloom industry.

Mr. Murthy.—Yes. The United Provinces Government have been contributing their share and it is only for lack of funds that our activities have been limited. After the establishment of Najibabad factory we do feel the need of putting up one or two other factories. For want of finance we have not been able to do so.

Mr. Rahimtoola.—With regard to carpet, I have only one question to ask, that is with regard to the French carpet. What is exactly meant by that?

Mr. Ghoshal.—It is the machine made stuff which comes in.

Mr. Murthy.—It is of melton type.

President.—Are these things used for hangings or for floor?

Mr. Ghoshal.—Hangings also. They are usually of the bed size 7' x 4'. They are used as bed coverings. They are substituted for what they call galichas for sitting on.

President.—Are they also used as a sort of tapestries?

Mr. Ghoshal.—Yes.

Mr. Batheja.—You refer to the small factories of one or two looms which have been set up by ex-students of your technical school. How are they getting on?

Mr. Ghoshal.—I think in the hills they are doing better than in the plains.

Mr. Batheja.—How exactly do they differ from cottage workers?

Mr. Ghoshal.—In the case of cottage worker, the worker has his own loom. He buys his material, weaves and sells it. Here the worker is more or less a wage-earner. The owner of the factory who is usually himself a technical man, that is, the weaver himself employs people on wages, supplies the materials and looms and makes them work and sees to the marketing.

Mr. Batheja.—Does he employ wage-earners?

Mr. Ghoshal.—Yes.

Mr. Batheja.—He does not work?

Mr. Ghoshal.—He may or he may not.

Mr. Batheja.—He is a small capitalist who is able to buy material with that capital and produce with an improved technique and sell in the market. Here is the beginning of a very small factory.

Mr. Murthy.—Yes. That is why we have included it among the factories.

Mr. Batheja.—Are they sufficiently educated to keep accounts?

Mr. Murthy.—Yes.

Mr. Batheja.—Will they be able to supply information about costs?

Mr. Ghoshal.—They should, if we want them.

Mr. Batheja.—It will be interesting for us to have some information about the costs of working of handlooms or factories so that we may compare them with the costs in other provinces in order to assess the handicaps and estimate the fair selling price for the handloom product. Will it be possible for you to help us by getting information from these small mills?

Mr. Ghoshal.—If you give us a detailed questionnaire, we will be able to pass on.

Mr. Batheja.—Suppose we want costings in this form (handed in the questionnaire)?

Mr. Ghoshal.—It should not be difficult. We can get one or two ex-students of our school to supply you with the information.

Mr. Batheja.—As regards cottage workers, people who are working in their own cottage, practically financed by Mahajans, will it be possible for you to give two or three samples of costings under the following simplified heads:—Raw material, Wages, Interest, and other expenses.

Mr. Ghoshal.—It will be difficult. Wages will be a difficult item. Sometimes they do work with the help of others.

Mr. Batheja.—Supposing you put a valuation on that?

Mr. Ghoshal.—It will be approximate.

Mr. Batheja.—I realise the difficulty of collecting information from cottage workers.

Mr. Ghoshal.—I think we could get you costs of one or two standard blankets from Najibabad and Muzaffarnagar.

Mr. Batheja.—It would give us an idea of the cost of production per lb. If we can get similar costings from other provinces we might be able to see whether your province was in a better position.

Mr. Ghoshal.—If we are sure that enquiries conducted in other provinces have been on the same standard and at the same stage of development.

Mr. Batheja.—So far as small factories are concerned I think they will be able to give this information. Give us per unit of yard per unit of blanket.

President.—The difficulty will be to arrive at any figure of wages.

Mr. Ghoshal.—Stages of development will be different in different provinces and the same person will not be enquiring. If one officer were enquiring in all the provinces he would see what was being left out or what was being included.

Mr. Batheja.—For cottage workers give us price of raw material, wages, interest and selling charges, other expenses.

President.—When you say that you propose to raise the duty on blankets from 25 to 50 per cent., that is just a rough guess; you do not base it on any costings?

Mr. Murthy.—It is not altogether without any basis. We have the costs, how much wool has been taken, what has been the carding charges, the spinning charges and weaving charges and so on.

Mr. Batheja.—You have worked out what he ought to get for his blanket?

Mr. Murthy.—Yes. They charge about Rs. 5 per maund for carding; that is more or less a standard rate though sometimes they pay when there is pressure of work about Rs. 7-8 to Rs. 10. But normally they give about Rs. 5 per maund: carding one anna per lb.; spinning 2 annas per lb. As regards these weavers they are not on piece rate wages; they get the wool carded and spun by others and weave it themselves. For the milling process they give about 4 to 6 annas per piece or say a finished blanket 60/66 x 94/95".

Mr. Addyman.—It works out to about 12½ annas per blanket?

Mr. Murthy.—Yes. If you take a 5-lb. blanket it will be

	Rs.	A.
Carding	0	5
Spinning	0	10
Finishing	0	6
	1	5

Rs. 1-5 will be the charge. That excludes weaving charges because he weaves it himself; weaving and stitching is all done by himself and his family members. If we assume 7 lbs. of wool to start with, and we take it at the rate of 5 annas a lb. it will come to Rs. 2-3 and Rs. 1-5 the rate of wages actually paid; that brings up the total to Rs. 3-8. As far as weaving is concerned it is not common to engage weavers on wages in all the cottage factories in this locality. Even in Muzaffarnagar and Najibabad where weavers are engaged it is not on an economical scale so that the 3½ annas wages that he is being paid daily will not reflect the correct standard of wages in that locality because even the ordinary cooly there gets 6 annas a day.

Mr. Batheja.—I should like you to take the wages which are paid in similar occupations, for instance in the cotton trade.

Mr. Murthy.—We would try to collect the information. Normally these goods are being sold from Rs. 4-4 to Rs. 4-8. Last year the Stores Purchase Department purchased about 2,500 blankets and the cost was Rs. 3-8 and that did not leave these people any margin at all. Whatever profit there was by selling to outsiders was all the margin that they got. This kept them all earning something and kept them engaged. This was the barest price that they could realise.

Mr. Batheja.—What is the class of article which is competing with the United Provinces blankets?

Mr. Murthy.—Low grade mixed blankets.

Mr. Batheja.—You yourself have said that the Indian article is more durable and is very warm. That means that there is a difference in quality between the Indian article and the foreign article. Will you be able to put any value on the difference in quality? At how many rupees, annas and pias would you put that difference.

Mr. Murthy.—We can evaluate that but so long as the cottage worker does not realise that.

Mr. Batheja.—There is a difference of quality; can that be measured in terms of rupees and annas? How long does that Indian blanket last in comparison to the Italian blanket?

Mr. Murthy.—We estimated when the Government bought these blankets for the Police Department that they should last for three years though their normal life would be considered to be five years.

Mr. Batheja.—How long will the competing Italian article last?

Mr. Murthy.—Two to three seasons.

Mr. Batheja.—Would it be correct to say that the Indian article is twice as durable as the Italian article?

Mr. Murthy.—It won't be far wrong.

Mr. Batheja.—And as regards warmth?

Mr. Murthy.—It is an all wool product.

Mr. Batheja.—If you are a discriminating buyer who is buying in the market and you have to take into consideration the quality, durability, warmth and attractiveness and finish, how much more would you pay for the Indian article rather than be without it and go in for the Italian article?

Mr. Murthy.—It is very difficult to answer that question. Personally I bought one of these Najibabad blankets; It is now three years since I have been using it. The same type of blanket that weighed 5½ lbs. if it was a Lalimli blanket probably I would have to pay Rs. 15 for it, whereas I paid only Rs. 6-8 for that blanket. Mine has not the finish of the Lalimli blanket but as far as warmth and quality of wool is concerned it is certainly quite as good.

Mr. Batheja.—Is it not your contention that the Indian article which is produced in the United Provinces by the cottage workers is intrinsically a better article and ought to be bought. The only consideration is that the

price is higher. What do you think should be the difference of price between that article and the other?

Mr. Murthy.—At least 50 per cent.

President.—That means that we must reduce the duty on the Italian blankets! People buy Italian blanket because they like its beauty more than its durability.

Mr. Murthy.—They buy simply because they are better in feel and finish.

Mr. Batheja.—Since you are giving the costings of your blanket will it be possible for you to supply a sample of the blankets to us—a sample of your blanket and that of the competing article?

President.—When you send the costings you might attach samples.

Mr. Batheja.—You are giving your costings in units of lbs.?

Mr. Ghoshal.—Yes.

Mr. Addyman.—Assuming that you could finish your articles do you consider competition would still continue to be as serious as it is to-day?

Mr. Murthy.—Finishing charges would enhance its cost a rupee at least. It will mean a capital of Rs. 30,000 to have a plant capable of treating 100 blankets a day. Then again we have not got water; we have to pump water. That means that the cost of finishing would further go up. Taking interest charges, because the capital has got to be borrowed capital; and all told, our estimate was that the finishing charges would be as much as a rupee nearly, leaving a small margin for the Co-operative Society. We based our estimate on this that a Co-operative Society will be started with a capital of about Rs. 50,000. That would put up the plant which can do the finishing work of the members including the weavers. They will take the blankets of those people and blankets of other cottage weavers. In these circumstances we tried to find out what would be the rate on which the finishing would be done by the Central Finishing Factory. On that basis we worked out and we found that it would enhance the cost of the blanket by about a rupee.

President.—What sort of finish do you expect to get? Do you consider your local wool good enough to give a superior finish.

Mr. Murthy.—Yes, except for the kumhlis where they are using short staples. They are using better quality of wool for blanket making which are milled and sold anywhere from Rs. 5 to Rs. 9. They use better quality wool. I would send a cutting from the blanket which I sent to Poland.

President.—We would like to see that.

Mr. Murthy.—I will send you the sample.

Mr. Addyman.—Is that hand spun or hand woven?

Mr. Murthy.—No. It was machine spun yarn in the Najibabad Spinning Factory.

President.—That is the local wool?

Mr. Murthy.—Yes.

Mr. Addyman.—Machine spun but hand woven?

Mr. Murthy.—Yes. In view of the colour not being fast, the pattern is not clear. As far as the look is concerned, it is effective. As far as the feel is concerned, it has improved very much. I would like to send you a blanket put on the market by the cottage worker and a similar blanket raised and finished in a foreign plant.

President.—Where did you send it to?

Mr. Murthy.—To Poland. One of the firms through whom I was enquiring for a small cottage plant recommended a polish plant. So we sent the rug over to a firm at Poland and they got it finished on the machine. In that connection I hold a sample and can send you a cutting. Here are Kolar kumhlis.

President.—What type of your blanket does this correspond to?

Mr. Murthy.—Our kumblis which are not milled direct from the loom, correspond in a way, but they are not so closely woven. These are closely woven, but they would be lighter and finer in texture.

President.—Is the blanket which you are going to send us superior?

Mr. Murthy.—It is softer.

Mr. Batheja.—You say that there is a great demand for machine blanket yarn. Will it reduce your cost of material?

Mr. Murthy.—The cost is not reduced. In fact the cost has increased. The blanket turned out would be not a puttoo (piece) blanket, but one piece blanket and such blankets are able to compete with mill woven blankets better.

Mr. Batheja.—It will be superior and fetch a higher price.

Mr. Murthy.—They have not been able to realise a higher price for want of finish.

Mr. Batheja.—So a finishing plant will be necessary in order that your blanket may be able to compete with the machine made blanket.

Mr. Murthy.—Direct state aid would solve the problem to a considerable extent.

Mr. Batheja.—Will you be able to give us the cost under these conditions which you propose, that is, after these improvements have been adopted?

Mr. Murthy.—Yes.

Mr. Batheja.—Question 3: you refer to certain wages that have been paid at Najibabad. How did these wages compare with the wages paid in similar trades in the same locality, say in cotton weaving for instance?

Mr. Ghoshal.—There are no cotton weaving factories.

Mr. Batheja.—Are these wages unduly depressed?

Mr. Ghoshal.—It was claimed that this particular factory was worked by relatives.

Mr. Batheja.—Then no importance need be attached to these wages.

Mr. Murthy.—They are not standard wages.

Mr. Batheja.—As far as I know at least in some parts of United Provinces, the wages are not higher than that in related occupations. In Benares and Gorakhpur Divisions they don't earn more than two annas. I want to have an idea whether these are the correct wages on which we could depend.

Mr. Murthy.—Normally there would be higher wages.

Mr. Batheja.—In the cottage section of the industry, what would be the average wages in the United Provinces?

Mr. Murthy.—6 to 8 annas a day.

Mr. Batheja.—That does not make very much difference. You say the wages of Mirzapur blanket weavers is 4 annas per day. Is that correct?

Mr. Murthy.—That is about correct.

Mr. Batheja.—Why do you assume higher wages in other parts of United Provinces?

Mr. Murthy.—Taking Najibabad alone, there are in the spinning factories boys engaged—16 or 17 years of age. They are getting about 10 annas daily wages in the same factory attached to the Co-operative Society and as such if they are engaged in weaving, I don't see why their wages should not be the same.

Mr. Batheja.—In answer to question 8 how did you arrive at this estimate of consumption of raw wool?

Mr. Murthy.—From the various Survey Reports.

Mr. Batheja.—Is there any sort of grading of wool done in the United Provinces markets?

Mr. Murthy.—Tibetan wool is graded, but the grading is not done by the grower. The grading is done by the various representatives of merchants.

They grade the wool and classify them in some cases, but as far as the consumer is concerned in the United Provinces very little grading is done.

Mr. Batheja.—Do you think that some amount of good wool is wasted by being mixed up with dirt and inferior wool?

Mr. Murthy.—In spite of the fact that Najibabad people are using so much wool, they think that all wools are alike. When they put up the factory, they mixed the short staple wool with dead wool and long staple wool.

Mr. Batheja.—You say some attempt is made to separate good wool from bad wool so far as Tibetan wool is concerned at? You have also given two sets of prices 4 annas and 6 annas per lb. Have you any idea of the proportion of good and bad wool?

Mr. Murthy.—No. That grading of 4 to 6 annas doesn't affect the Tibetan wool.

Mr. Batheja.—You do give two different rates for the ordinary United Provinces wool. I take it that 6 annas is for the better class of wool.

Mr. Murthy.—Yes, white wool and long staple wool which they call superior wool are sold at Rs. 25 to Rs. 30 per maund and black and coarse wool are bought at Rs. 20.

Mr. Batheja.—Mainly on account of its colour?

Mr. Murthy.—Colour and quality.

Mr. Batheja.—Is it distinguished by the staple?

Mr. Murthy.—Not so much. Staple does improve the quality but they don't entirely base their purchase on that ground.

Mr. Batheja.—You cannot give any idea of the proportion of good wool to bad wool or superior wool to inferior wool?

Mr. Murthy.—No.

Mr. Batheja.—Nor how much of it is suitable for worsted purposes?

Mr. Murthy.—No.

Mr. Batheja.—In reply to a question from the President you said that shawls made from superior foreign wool are taking the place of pashmina shawls;

Mr. Ghoshal.—Not taking the place. They are being used as imitation pashmina shawls.

Mr. Batheja.—What is the difference in price?

Mr. Ghoshal.—It is very great. The ordinary shawl will sell at Rs. 6 to Rs. 7 and this would be more than double the price.

Mr. Batheja.—Is the trade in pashmina shawls ruined by this?

Mr. Ghoshal.—I cannot say. The supply of Pashmina shawl was never very great as compared with Kashmir.

Mr. Batheja.—What would be the approximate quantity before this invasion? Have you any idea?

Mr. Ghoshal.—This is not a very recent growth. This inroad of foreign mill spun yarn as against pashmina is not of recent origin.

Mr. Batheja.—That is an old thing.

Mr. Ghoshal.—Yes.

Mr. Batheja.—Then the pashmina industry must have disappeared.

Mr. Murthy.—It is only limited to certain specified classes.

President.—It is really a luxury trade.

Mr. Murthy.—Yes.

Mr. Batheja.—Where are the pashmina shawls sold?

Mr. Murthy.—In the hill districts brought by the shawl merchants and some of them are woven in Kashmir. It is not very great.

Mr. Batheja.—Is it your experience that owing to competition from the machine section of the wool industry, the hand section of the wool industry has declined within recent years?

Mr. Murthy.—So far as blankets are concerned, I cannot say that it has very much declined except in the last three or four years on account of these cheap importations. The handloom products have a different market and a different clientele.

Mr. Batheja.—You say that you have to meet competition from the foreign article and the mill made article. Which would you regard as more intensive?

Mr. Murthy.—Just now foreign article. Before this Indian mills were not manufacturing very cheap things.

Mr. Batheja.—You have mentioned puttoo cloth. What is generally the width of the puttoo cloth?

Mr. Murthy.—18" to 20" width.

Mr. Batheja.—Is it mostly used by hillmen for their ordinary wear?

Mr. Murthy.—Mainly used by the hillmen for their suitings.

Mr. Batheja.—In reply to a question from the President you said the Bhutias not only produced woollen goods for themselves, but also they sold to others. What is the extent of their outside markets apart from their own use?

Mr. Murthy.—No, I cannot give you an idea.

Mr. Batheja.—What class of people buys these fabrics?

Mr. Murthy.—The hillmen are not wealthy. It is the hillmen that mostly buy them.

Mr. Batheja.—Are they not sold in the plains?

Mr. Murthy.—Very little.

Mr. Ghoshal.—Now-a-days they do come. Especially during the non-cooperation movement, they did sell a lot and lovers of pure khaddar use them even now.

Mr. Batheja.—Are all the Bhutias whom you mentioned confined to Almora?

Mr. Murthy.—Almora, Ghariwal, etc.

Mr. Ghoshal.—The hill districts of the Kumaon Division.

Mr. Batheja.—Will they be in Nainital area?

Mr. Ghoshal.—Yes. They come to Bhageswari fair.

Mr. Batheja.—They are spread over such a large area, although they are so small in numbers?

Mr. Murthy.—They are not small.

Mr. Batheja.—They are very small in numbers—about 11,000 to 12,000 people?

Mr. Murthy.—They are a nomadic tribe. The population of the hills is not very large.

Mr. Batheja.—Do these Bhutia people use cotton cloth?

Mr. Murthy.—They do use cotton cloth—especially the *gabroon* variety.

Mr. Batheja.—Do they use quilted cotton fabrics?

Mr. Murthy.—Yes, in hill towns.

Mr. Batheja.—Bhutias produce mostly for their own requirements and they sell something which they can spare to other customers.

Mr. Murthy.—They do sell. That has been their trade. The mill made stuff is also finding markets now-a-days in the hills, and to that extent is replacing the other.

Mr. Batheja.—If their outside markets over and above their families' needs are not very large, would it be correct to say that they may be negligible?

Mr. Murthy.—In what respect?

Mr. Batheja.—They produce a class of goods which are worn by a certain class of persons with which foreign goods do not compete?

Mr. Ghoshal.—Indirectly they do—by substitution.

Mr. Batheja.—Does any class of foreign goods compete with any goods produced on Bhutia looms?

Mr. Ghoshal.—Rough goods produced by Mills do compete.

Mr. Batheja.—With what class of goods?

Mr. Ghoshal.—Heavy cheap coarse tweeds.

Mr. Batheja.—But they will be very expensive. They are generally produced by hill people of similar habits.

Mr. Murthy.—They are coming to the plains.

Mr. Batheja.—In reply to my previous question you said that their market in the plains is not very large. Shall we be correct in saying that it would be negligible?

Mr. Murthy.—You may say that the demand from the plains for that kind of quality is negligible.

Mr. Batheja.—In reply to question 15, you have said that the marketing organisation is similar to other cottage industries. Weavers often make the goods to order. Is this very common?

Mr. Ghoshal.—Which one—the making of things to order?

Mr. Batheja.—Yes.

Mr. Ghoshal.—In carpets it is common.

Mr. Batheja.—In other classes of goods?

Mr. Ghoshal.—It is not very common. In the case of these, Mahajans buy all the year round. That is also in a way to order.

Mr. Batheja.—Are the cottage workers in the wool industry in the United Provinces generally tied to the Mahajans or are they independent?

Mr. Ghoshal.—They are all tied to the Mahajans in respect of marketing.

Mr. Batheja.—And raw materials. The independent class will be very negligible.

Mr. Ghoshal.—Yes.

Mr. Batheja.—They generally buy their raw material from the Mahajans and sell their finished goods also to the Mahajans on account of the fact that they are indebted to them. Do these cottage workers pay a higher price for their raw material and get a lower price for finished goods?

Mr. Murthy.—Yes. It all depends on the demand. They are not bound to sell their finished goods to the Mahajans, although in practice it comes to that.

Mr. Batheja.—Is that common in the United Provinces?

Mr. Murthy.—Yes. Sometimes they borrow cash from the Mahajans and buy their raw material.

Mr. Ghoshal.—Yes, if the Mahajans are not dealers in those goods.

Mr. Batheja.—They have no independent marketing organisation, have they?

Mr. Murthy.—No.

Mr. Batheja.—The Mahajan gets a fair profit.

Mr. Murthy.—Yes.

Mr. Batheja.—The Government of India have distributed certain grants for the improvement of the handloom industry.

Mr. Ghoshal.—This grant is exclusively for the cotton handloom industry.

Mr. Batheja.—You say these small factories weave both wool and silk and in reply to one of the questions you have said that they are engaged

for four months in silk. Am I to understand that they are engaged in wool for the rest of the period?

Mr. Murthy.—Not necessarily. The factory may not be working continuously. In one or two cases they may be working all the year round.

Mr. Batheja.—Is it more economical to have these mixed factories—wool and silk?

Mr. Murthy.—For superior products it pays better.

Mr. Batheja.—In what way? Is the market more assured?

Mr. Murthy.—Yes, and he is able to employ the same workmen right through.

Mr. Batheja.—And he is able to employ the same machinery also?

Mr. Murthy.—Yes.

Mr. Addyman.—I don't think you have made it quite clear to the Board from the point of view of blanket weaving. What weight of material are these handloom blanket looms producing? What is the weight per loom per day or per month on blanket weaving?

Mr. Murthy.—About 6 to 7 lbs. per day.

Mr. Addyman.—For what period in the year?

Mr. Murthy.—In Najibabad and Muzaffarnagar districts for nearly 200 to 250 days in the year.

Mr. Addyman.—Could we take that as a fair average for your province?

Mr. Murthy.—It is only in these two centres where they regularly manufacture blankets for sale, whereas in the rest of the places they are treated as a cottage industry just to meet their requirements.

Mr. Addyman.—They are working haphazard.

Mr. Murthy.—Yes.

Mr. Addyman.—These being two chief centres, it would be a safe average to take.

Mr. Murthy.—Yes.

Mr. Batheja.—You have referred to the Japanese imports of hosiery. Are they pure wool hosiery or mixed hosiery goods?

Mr. Ghoshal.—They are mixtures.

President.—Is it mixed yarn?

Mr. Ghoshal.—Cotton yarn and woollen yarn are used in knitting.

President.—Is there anything else you wish to bring to our notice?

Mr. Murthy.—We want to lay stress on the fact that in case you recommend an enhanced duty on yarn, there must be some direct state aid.

President.—There are one or two points involved in that. The first is that if it is found necessary to put on a duty on yarn to encourage the mill industry, the hosiery workers and the hand weavers would be affected and would require State aid.

Mr. Murthy.—Yes.

President.—In the case of blankets the competition is partly foreign and partly from the local mills themselves and in any case you think that some assistance is necessary chiefly in order to enable the handloom industry to improve its finish.

Mr. Murthy.—Yes, and to secure to the people engaged in the industry a living wage.

Mr. Rahimtoola.—Irrespective of the duty on yarn if protection is given to the industry, you want a certain part of the revenue derived from such a duty to be set apart for the protection of the handloom industry.

Mr. Murthy.—Yes.

GOVERNMENT OF BOMBAY.

Evidence of Mr. P. B. ADVANI, Director of Industries, Bombay, recorded at Bombay on Tuesday, the 12th March, 1935.

President.—Mr. Advani, you are the Director of Industries, Bombay?

Mr. Advani.—Yes.

President.—You say in your letter to the Government of Bombay that the statistics and prices given by you in answer to the questionnaire may be taken as the average of the past five years. Generally how are your statistics gathered?

Mr. Advani.—The statistics, so far as they relate to the cottage industries, have been gathered through my Weaving Assistants. I have a number of Weaving Assistants in the whole of the Presidency and during the last few years it has been our practice to keep a record of ruling prices paid for the various fabrics or yarn and also the wages earned by the handloom weavers. This is in connection with the duty that had been levied originally by the Government of India on yarn and the Government of India had given an undertaking to the Legislative Assembly that they would keep an eye upon the effect of this duty in the interests of the handloom weavers and all the Provincial Departments of Industries had to make a report to the Government of India on this question. We have therefore for the past few years maintained the record of prices ruling in several important handloom weaving centres.

President.—That related specifically in the first instance to the handloom cotton industry.

Mr. Advani.—Yes, but I have tried to keep a check on the whole. The wool industry is not very large as compared with the cotton industry and it has not been difficult to do that.

President.—How many Assistants have you?

Mr. Advani.—I have got four Weaving Assistants one for each division and in each division I have a number of schools and demonstration parties which are peripatetic. The Weaving Assistants tour all over their Division in order to inspect the Weaving Schools and Demonstration parties which are under them. I have got 24 such institutions in the Presidency—Weaving Schools, Weaving Demonstrations, Wool Demonstrations and Dyeing Demonstrations.

President.—This period of activity covers at least five years?

Mr. Advani.—More than that.

President.—These prices which you give of Japanese materials on page 3 of the same letter, are they Bombay prices?

Mr. Advani.—These are Bombay prices based upon the enquiries which we have made in the market.

President.—Are they wholesale prices?

Mr. Advani.—Yes.

President.—Are they retail prices?

Mr. Advani.—No.

President.—In paragraph 7 of the same letter there is a mistake in the first line. You say: "The imported blankets and knitted goods made from mixed wool and cotton mentioned in paragraph 6 are classified under a lower tariff". Mixed blankets are not so classified. It ought to be imported cloth and knitted goods.

Mr. Advani.—That is right.

President.—In regard to the statistics of Sea-borne Trade, under 'Other sorts', I would warn you against an error which was committed by the Millowners' Association. You have noticed that 'other sorts' in the current year includes mixtures and shoddy goods. The huge increase under the head of 'Other sorts' in the current year are due almost entirely to the change in the classification. Mixture and shoddies had from the current year only been taken out of piecegoods. So you cannot come to any conclusion from that because you have nothing to compare with that. 'Other sorts' cannot be compared with the previous year's 'other sorts'.

Mr. Advani.—That is so.

President.—You say: "It may safely be assumed that increase in imports of mixed goods has taken place to a large extent at the expense of Indian pure woollen goods". That may or may not be true. We have got no statistics.

Mr. Advani.—We have got no statistics except that my Weaving Assistants have from time to time reported that the kumbli makers—I am talking of handloom weavers—have been suffering from the competition of rugs from Italy.

President.—I am not talking of blankets, because blankets are blankets whether they are made of cotton or wool or any other material. Whether blankets are mixtures or pure wool does not affect the question. They all pay 25 per cent. It is the mixtures of piecegoods which come under 'Other sorts' that have an advantage. It seems likely of course that as 'other sorts' are liable to pay a smaller duty in some respects than others, the tendency for the importations will be to increase. That seems to have taken place, but as the statistics are only for one year, we have got no basis of comparison.

Mr. Advani.—Yes. I agree.

President.—Let us come to your answers to the questionnaire. Is the number of looms based on actual Census or is it approximate?

Mr. Advani.—It is approximate. As I said we have carried out a survey partly through my Weaving Assistants and partly through the Revenue Officials. We got requests from the revenue officials for the transfer of my wool weaving demonstrations and in order to be able to decide as to which place I should send these demonstration parties, we have collected for the past several years statistics of looms in each centre and as opportunities have offered my Weaving Assistants have visited these places in order to verify the figures we have received from the Revenue Officials. From that point of view it could not be absolutely accurate, but it would be reasonably accurate.

President.—Does the estimate refer to looms in use?

Mr. Advani.—No.

President.—Altogether.

Mr. Advani.—These looms are altogether.

President.—At any rate it is unlikely that there would be more looms in use than this figure. There might be some lying out of use.

Mr. Advani.—I think that will be the correct position.

President.—In the same way charkhas and bows.

Mr. Advani.—The same remarks apply.

President.—It is not of course of great importance to the Board, but generally speaking how many charkhas are required to keep one loom going.

Mr. Advani.—1 to 2. If the loom is working all the eight hours, it requires two charkhas. Weavers don't work all the time.

President.—What weight of output does an ordinary charkha achieve in a day—the ordinary carpet blanket yarn?

Mr. Advani.—I am unable to give that figure now but I shall send it to you later.

President.—There is not much loss of wool in handspinning.

Mr. Advani.—There is wastage in carding and cleaning.

President.—Our best figure would be the weight of yarn turned out on a charkha.

Mr. Advani.—Shall I give figures for 6s?

President.—Yes.

Mr. Addyman.—On what is your count based—on skein basis, 16 yards to the ounce?

Mr. Advani.—Yes.

Mr. Addyman.—Do the handloom spinners spin so fine as that?

President.—6s would be rather fine for blanket yarn?

Mr. Advani.—For blankets, probably 4s will be nearer.

President.—Let us take figures which are more common.

Mr. Advani.—Yes.

President.—Say 4s and 6s.

Mr. Advani.—Yes. I am giving that per day of 8 hours.

President.—Would the estimated weight of yarn spun in the Presidency be chiefly on charkhas or on taklis?

Mr. Advani.—Taklis are more.

President.—There are more taklis than charkhas?

Mr. Advani.—The bulk of wool is spun on taklis, because it can be taken anywhere by the Dhangars even while they are out in the jungle. Charkhas are largely used at home. I think a larger quantity of yarn is made on the taklis than on the charkhas.

President.—Your estimate of persons employed in the industry is based on one weaver per loom and one spinner per charkha?

Mr. Advani.—Yes.

President.—How does this fit in with just what you have said?

Mr. Advani.—I would say the charkha is kept in the house. We have ourselves been introducing an improved type of charkha by the use of which the spinner is able to get a better and more even yarn, but neither the man nor the woman is confined to the house. When they go about they make use of this takli and I don't think the charkha is constantly in use.

President.—You mean the same people use both?

Mr. Advani.—That is right.

President.—So that the estimate of 8,000 spinners is based roughly on your estimate of charkhas?

Mr. Advani.—Yes.

Mr. Batheja.—The figures under charkhas include the figure under takli also?

Mr. Advani.—Yes. The same person will have both the charkha and the takli.

Mr. Batheja.—That means one person will have two instruments.

Mr. Advani.—Takli is a small instrument which can be taken anywhere.

Mr. Rahimtoola.—It is like recreation?

Mr. Advani.—That is right.

President.—I notice that you give 160 carpet looms and 160 carpet weavers.

Mr. Advani.—Yes, because the carpet weavers have been doing even more badly than the wool weavers or the kambli weavers.

President.—They are more affected?

Mr. Advani.—Yes.

President.—As for wages in power factories the skilled workers' scale would apply to the hosiery industry only?

Mr. Advani.—Yes.

President.—There are no power driven woollen looms.

Mr. Advani.—No cottage wool weaver uses power looms.

President.—When you say that carders and spinners are paid so much per day, is that for a whole day's work or is it a sort of side show.

Mr. Advani.—Many of the wool weavers do this the whole day. It is not a subsidiary occupation. It is a hereditary occupation.

President.—Are the weavers for the most part whole-timers? Are they weavers by profession?

Mr. Advani.—Yes.

President.—It is not a sort of subsidiary industry which is carried on by the agriculturists in their spare time.

Mr. Advani.—No. It is a heavier occupation than cotton weaving and it is carried on as a full time occupation.

President.—That means to say in Bombay probably the average number of days worked is bigger than in many places where weaving is a sort of subsidiary occupation.

Mr. Advani.—Yes.

President.—How many months in the year do you estimate the weavers are working?

Mr. Advani.—They generally work in the year for about 10 months.

President.—The amount of work they do depends on trade.

Mr. Advani.—Yes.

President.—So far as the period goes they are occupied for more or less 10 months in a year.

Mr. Advani.—Yes.

President.—You refer sometimes to cloth, sometimes to kambli, blankets, shawls and so on. I take it that cloth in the strict sense is not made very much in this Presidency.

Mr. Advani.—That is the correct situation. In Sind they weave the finer type of cloth which is under the Swadeshi movement sometimes used for coating purposes, but not very much.

President.—It is a sort of finer blanket cloth.

Mr. Advani.—Yes; in the Presidency proper that is not done.

President.—As regards power factories the information we have is that yarn made by the Indian Woollen Mills of Persian and Iraquian wool up to 16s is the type of yarn required for Government hosiery orders. For the railways and the Army the type of hosiery required is somewhat coarser than the market requirements.

Mr. Advani.—Yes.

President.—I think it is correct to say that this Persian and Iraq wool which is consumed by the mills making hosiery yarn is almost entirely confined to Government orders. Can you verify that?

Mr. Advani.—I am not in a position to verify that.

President.—Is that more or less correct?

Mr. Addyman.—You are correct.

Mr. Advani.—We are not in a position to verify that.

Mr. Addyman.—Woollen yarns of finer counts are all imported.

Mr. Advani.—Yes.

President.—That is why I was rather surprised to see the following on the next page: "Information obtained from knitting factories shows that approximately 70 per cent. of the total yarn used by them is of Indian mill manufacture and 30 per cent. is imported yarn". These percentages differ very considerably from those given to us by North Indian factories. There

we were told that 90 per cent. of the yarn used was Japanese or Polish yarn.

Mr. Addyman.—May I explain that? I think it is due to the fact that the hosiery factories in this Presidency are more largely employed on Government and railway contracts than those in the Punjab.

Mr. Rahimtoola.—Do you mean those in the Bombay Presidency?

Mr. Addyman.—Yes. The chief hosiery factories are employed on Government contract work and that accounts for the consumption of a greater proportion of coarser yarn.

Mr. Batheja.—Can you confirm that?

President.—Is it news to you?

Mr. Advani.—I know that they are engaged on Government work.

President.—It seems to me to be *prima facie* a reasonable explanation if your facts are correct.

Mr. Advani.—Our facts are correct.

President.—The only place where we found the Indian mill made yarn used to any considerable extent is when engaged on Government contracts where they do not require such fine material.

Mr. Advani.—Yes.

Mr. Batheja.—Is it partly due to the fact that there is more intense swadeshi sentiment in the Bombay Presidency where people prefer their goods to be made of indigenous yarn?

Mr. Advani.—There is no part of the Bombay Presidency which is subject to severe cold. Our factories are generally turning out goods suitable for Government contracts.

Mr. Batheja.—Is that a more probable explanation that they make more for Government contracts?

Mr. Advani.—Yes.

President.—Whereabouts are these pile carpets made?

Mr. Advani.—Surat, Ahmedabad and Ahmednagar.

President.—Do they make carpets of any size?

Mr. Advani.—Almost any size to order. As a matter of fact they produce any carpet of almost any design.

President.—Where do they export their products to?

Mr. Advani.—Mostly local. I think they comply with local orders. Cities like Bombay send designs and place orders. They don't to my knowledge make any standard sizes for export or for sale except small ordinary carpets.

President.—And if there are no orders, how do they employ themselves?

Mr. Advani.—I was saying they are making the cheaper types—smaller carpets—for motor use and for household purposes costing very few rupees. They make these and stock them for sale. They don't make any costly carpets which are only made to order.

President.—They do fine work?

Mr. Advani.—Very fine work.

President.—What sort of work up to what fineness of knot?

Mr. Advani.—I cannot give you accurate figures on that. I have an idea that they go as far as 100 to 120 or something like that. It is very fine indeed. There are one or two samples of Surat work in the Prince of Wales' Museum.

President.—I wonder how they compare with the Amritsar or Agra types of carpets where the stitches go very much finer than that? They go as many as 500 to the inch. They have got a system of counting in Amritsar. I don't remember how exactly they do it.

Mr. Batheja.—So many knots per square inch.

President.—I think it is the number of knots each way, warp and weft. They have some such method of recording the fineness of a carpet.

Mr. Addyman.—That would be based on the number of picks.

President.—In carpets it is the number of knots I think that determines the fineness.

Mr. Advani.—Our carpet industry is a very small one as compared with that of the United Provinces or the Punjab. As I have said we have about 160 looms whereas in North India I know carpet weaving industry exists on a big scale. Those carpets are imported from North India into the Bombay Presidency.

President.—We won't spend much time on that. Your estimate of raw wool of 3,360,000—how did you arrive at that?

Mr. Advani.—We have arrived at that from the number of looms and the approximate outturn of these looms per year.

President.—Does it cover the mill consumption or is it the consumption of the cottage industry only?

Mr. Advani.—So far as the hand spun yarn is concerned practically the whole of it is consumed on handlooms.

President.—From your estimate of raw wool consumed, have you excluded the Bombay Mills' consumption?

Mr. Advani.—I think so. This is raw wool of the Bombay Presidency and Sind, spun into yarn for use by the handlooms.

President.—The great bulk of the wool consumed by the Mills in Bombay I should imagine is imported.

Mr. Advani.—Yes, whereas the handloom people obtain their wool largely locally whether in Sind or in the Bombay Presidency proper.

President.—This estimate would apply to that.

Mr. Advani.—Yes.

President.—I mean the total figure of 37 lakhs of lbs.

Mr. Advani.—Yes.

President.—You are aware that the estimate of wool production in India is generally based on the census of sheep.

Mr. Advani.—Yes.

President.—We are having some trouble in verifying these estimates. The estimate is very high indeed if it is based on the census of sheep—partly because the census of sheep has gone wrong and partly because the estimate of weight of fleece varies most enormously. The general estimate which is accepted I think works out at 2 lbs. per sheep. The census of sheep puts the number of sheep at 41 millions. There are 2½ million sheep in the Bombay Presidency and Sind.

Mr. Advani.—I am unable to say yes or no.

President.—These are the figures which we have got from the census taken in 1929 or 1930. I want to bring out that your estimate is not based upon a vague calculation.

Mr. Advani.—Mine is based upon the average outturn of Kumbliis by the various handlooms and in the manufacture of Kumbliis our handloom weavers use hand spun yarn from local wool.

President.—That is a much more valuable estimate than the one based on the number of sheep. The number of sheep in India is 41 millions and the production of wool in consequence is put at 83 million lbs. My own personal view, placed on such evidence as we have got so far, is that it is excessive. Your estimate seems to confirm that. In Bombay and Sind there are about 2½ million sheep. The figure is for Bombay exclusive of Indian States. I do not know what States are considered to be in Bombay.

Mr. Advani.—The figures of estimate of wool are for British districts only. I have nothing to do with the Indian States in the Bombay Presidency.

President.—What about the estimate of yarn?

Mr. Advani.—Also on the same basis. We have started off from the number of looms that are usually at work.

President.—And worked backwards?

Mr. Advani.—Yes. As I was saying, most of our production is kamblis. They are naturally entirely produced from hand spun yarn which in turn is produced entirely from local wool.

President.—It works out about 80 per cent yield.

Mr. Addyman.—75 per cent.

President.—27 out of 33.

Mr. Advani.—Yes.

President.—Is that correct allowing for wastage?

Mr. Advani.—I have checked that figure. I have asked my weaving assistants about that figure and they say that it is correct.

Mr. Addyman.—From the raw wool to the woven stage?

Mr. Advani.—From raw wool to spinning—27 to 33.

Mr. Addyman.—That shows 75 per cent.

Mr. Advani.—Over 80 per cent.

Mr. Addyman.—What would be the wastage from yarn to cloth?

Mr. Advani.—I am not able to give you any reliable estimate for that. If the Board desires I can certainly call for it and submit the same.

President.—Your estimate of kamblis, etc., is 2,660,000 lbs. from 28 lakhs of lbs. of yarn. How does the 28 lakhs of lbs. of yarn come in?

Mr. Advani.—Sizing and so on get into that.

President.—The figure of 27 lakhs of lbs. is as it leaves the spindles.

Mr. Advani.—Yes.

President.—28 lakhs is the finished sizing weight.

Mr. Advani.—Yes.

President.—What do they use for sizing—tamarind juice?

Mr. Advani.—Yes.

President.—The* output of kamblis, shawls, blankets, etc., of 28 lakhs of lbs. must be based, I take it, on the calculations of experience of waste from yarn to cloth?

Mr. Advani.—Yes.

President.—What does that work out to? Is it about 5 per cent.?

Mr. Addyman.—It is about $2\frac{1}{2}$ per cent. taking 2,660,000 lbs. of finished products out of 27 lakhs of lbs. of yarn omitting sizing weight.

President.—The output works out at about 326 lbs. per loom on these figures.

Mr. Advani.—Yes, per annum. It comes to about Rs. 150 per annum.

President.—You give the price of local hand spun yarn. I suppose there is not much sale of yarn. Is yarn spun in sufficient quantities to be sold?

Mr. Advani.—Some women spin this yarn to be sold by the weavers themselves but the bulk is spun and woven in the family itself. We used to find it even for our weaving demonstration extremely difficult to buy hand spun yarn. We had our own charkha.

President.—Then these prices of hand spun yarn that you give are rather theoretical?

Mr. Advani.—I won't say strictly theoretical. As I say though a certain sale does take place there is no free market for the yarn. We do buy for our demonstration some yarn.

President.—What are these prices given on page 4? Are they Bombay mill prices?

Mr. Advani.—They are Bombay mill prices.

President.—From where would be the imports? Are they Japanese prices or Polish prices?

Mr. Advani.—They are Japanese prices and not Polish.

President.—What is this *khatta*, on page 5, No. 2?

Mr. Advani.—In the Thar-Parker District they weave this cloth from very coarse yarn which the poorer classes of people use as blankets for protection against cold.

President.—It is a cloth, not a yarn?

Mr. Advani.—It is a cloth made from very coarse yarn and very warm.

President.—There is a very considerable difference between the Bombay kambli and a Sind blanket?

Mr. Advani.—Sind blanket is used only in Sind; you can get it at a very low price of Rs. 2 as well as fine ones up to Rs. 15, whereas in the Presidency proper they weave kambli which can only be used by our *pattawalas* and *malis*. But in Sind they produce very fine *lohis* which are sold at as much as Rs. 15 each.

President.—They are not meant for protection against rain?

Mr. Advani.—No. These are used by the middle class people during the winter months and they also use them in their bed along with the quilt.

President.—Where have you got these prices of hosiery from?

Mr. Advani.—We have taken these from different centres, that is factories in Bombay.

President.—When you say the prices are average, what is meant exactly?

Mr. Advani.—I think this is a misnomer; the word 'average' ought to go out; these are the prices of the factories from which we obtained these figures.

President.—The values given on page 6, are they cost or selling price?

Mr. Advani.—Cost price.

President.—You have used the expression cloth here?

Mr. Advani.—That is a generic term for us; we use that for kambli, *lohis* and blankets.

President.—Everything woven?

Mr. Advani.—Yes.

President.—I will tell you why I asked whether these are cost or selling prices. If you take the value of yarn and divide it by the estimated output, it works out at only a fraction over 7 annas a lb. That would be too low for selling price. It must be the cost; and the average for everything woven works out at 9 annas 6 pies per lb. That is on the low side too. You have given a very much higher price for Sind and if Sind were included in these figures, as you say it is, we would expect to find the average price a good deal higher than 9 annas 6 pies. You might verify that *Mr. Advani*. I think you must have excluded Sind in making these calculations. The heading is Bombay Presidency and Sind but the prices of Sind are much higher than those of the Presidency. I would rather have the Sind prices shown separately.

Mr. Advani.—I would supply you separate figures later on for the Bombay Presidency and for Sind and verify the figures.

President.—Am I to take it from your remarks in answer to question 13 that on the whole woollen weavers are in a much better position than cotton weavers?

Mr. Advani.—They are better off in this sense that they require less capital; they are less dependent on the *sowkar* than the cotton weaver. The cotton weaver when he weaves fine quality has to buy the yarn, the gold thread and so on and he is therefore more dependent on the *sowkar* both in the matter of purchases and also in the matter of sales of his goods because the product of the cotton weaver is sold at larger centres with

which the weaver has no direct contact. Whereas in the case of the kambli they are sold round about and are really bought by the poorer people. Because of that the wool weaver is at an advantage, though he is not better off with regard to wages as compared with the cotton weaver.

President.—Are kamblis sold much in Bombay?

Mr. Advani.—Yes.

President.—Hand woven kamblis?

Mr. Advani.—Yes. For instance the Government of Bombay, Superintendent of Printing and Stationery and other offices buy a lot of these for *pattawalas* and other menial staff. There are a number of private firms also who supply these kamblis to their peons.

President.—They are used during the monsoon when on duty?

Mr. Advani.—Yes. Contractors bring these kamblis from the districts for supplying to these people.

President.—Will you turn to your appendix showing details of blankets. There is a remarkable sameness about the profit and wages which seems to throw doubt upon the correctness of these estimates. I would like to know how the profits have been arrived at. Take the white kambli which costs Rs. 2-4; a man makes 4 annas profit; he makes a black Kambli which costs Rs. 1-4 and he makes 4 annas profit although the colour is different. Prices vary from Re. 1-4 to Rs. 2-4 but the profit remains the same in each instance.

Mr. Advani.—Although the colour is different the time taken in weaving is practically the same and the wage really depends upon the time taken by the weaver in weaving.

President.—I only want to be assured; on the face of it, it requires verification.

Mr. Advani.—I may tell you that the figures may be taken as fairly accurate. They have been obtained from centres and demonstrations where we are making kamblis ourselves. The prices are fairly accurate.

President.—In the instance of a material of this sort which is sold on the spot probably every buyer is well aware of the details of manufacture of the seller and it is generally impossible for a manufacturer of kambli to make any undeserved profit?

Mr. Advani.—Quite so.

President.—The material of this white kambli I suppose costs a good deal more than the material for the black kambli?

Mr. Advani.—Yes.

President.—So that over this period of five years the price obtainable has fallen by about 50 per cent.?

Mr. Advani.—Yes. That is largely because of the raw wool and because they are using greater amount of size to get it cheaper.

President.—It is definitely deteriorating in quality?

Mr. Advani.—Yes. You will notice that the weight under the head 'White kamblis' is shown as 3 lbs. and then it has gone down.

President.—Tell me to what extent cheap Italian rugs compete with these?

Mr. Advani.—Our weaving assistants have all told me that they have been unable to help the kambli weaver because of this competition of the cheaper variety of Italian rug. I have always asked my assistants to teach them to weave something better than these kamblis by the use of fly shuttle looms: We have tried but we have not been able to compete with the Italian or Japanese blanket. Because of its attractive design and softer feel people prefer these foreign rugs although the prices of kamblis have definitely come down.

President.—That applies, I suppose, to the urban population chiefly, because the Italian rugs would be completely useless in the monsoon for the cultivator.

Mr. Advani.—Yes. Part of our work has been in this direction to open up new markets to our weavers both in respect of cotton and wool. We have not been able to do anything so far as the wool weavers are concerned because of this difficulty.

President.—It looks as if it is going to be impossible for ever as long as you are using the material which you are bound to use for your kambliis. Have you experimented by trying to put on a better finish to local raw material.

Mr. Advani.—Attempts were made in the beginning to use to a certain extent mill spun yarn and also we worked in co-operation with the Agricultural Department, with the Live Stock Expert in the matter of better quality of wool, but I think there has been no incentive in the shape of being able to sell our products at a reasonably higher price than we are able to obtain to-day. I believe if our products were able to compete or if our products were able to obtain appreciably higher price than they are able to obtain to-day, there will be incentive to produce better stuff, which better stuff need not necessarily be produced from hand spun yarn.

President.—We must for purposes of this discussion distinguish between the old fashioned kambli for which there will always be a market and something better which is required mostly for the urban population.

Mr. Advani.—Yes.

President.—For the one purpose you don't want the mill spun yarn. It is much better to have the hand spun yarn from greasy wool. For the superior article you want the mill spun yarn and that it need not necessarily be all local wool.

Mr. Advani.—That is so.

President.—Have you considered what the effect on local wool is likely to be by the change over to mill spun yarn?

Mr. Advani.—I think even there they will have an incentive to improve the quality of wool that is available from the local sheep. I am not directly in charge of this work. We did work in co-operation with the Live Stock Expert to the Government of Bombay and he then gave me to understand that wool could be improved if they had a market. He carried out experiments and gave us a small quantity of wool for trial, but we had to pay twice the price for that wool. My own opinion is that incentive is lacking.

President.—I suppose it remains generally true in Bombay as in most other parts of South India that the sheep is grown not primarily to produce wool but for other purposes—its manurial value and partly for mutton.

Mr. Advani.—Yes.

President.—Wool is almost a side line. That in itself is a hindrance rather than a help. It is a question of improving wool.

Mr. Advani.—I think the lack of incentive is as much a hindrance as anything else. I think if there were profit in it surely they will raise sheep for wool. It doesn't pay them to raise sheep for wool now presumably.

President.—I have nothing more to ask. I will only say that we have ignored your second Appendix regarding Bombay mills because we will have much more opportunity than you have of getting more accurate figures.

Mr. Advani.—I quite agree.

Mr. Rahimtoola.—Mr. Advani, you said that there was no incentive to work with regard to the improvement of wool. You mean due to financial assistance by Government or what sort of incentive?

Mr. Advani.—Incentive in the matter of being able to obtain a higher price for the woven product. That wool is converted into yarn and woven, because of the present severe competition with Italian cheap goods, our

people cannot produce or do not attempt to produce goods which would take the place of the present imported stuff in the urban area.

Mr. Rahimtoola.—With regard to raw wool, I understand from a letter which we have received from the Director of Agriculture that experiments with regard to the improvement of wool were stopped owing to financial reasons.

Mr. Advani.—I didn't know that.

Mr. Rahimtoola.—Your point is that the finished article did not fetch a price which would give the necessary incentive?

Mr. Advani.—We experimented with a small quantity of that wool in our own demonstration factory to see what it looked like and what the price was like, and as I have said before, I am not in charge of this work; nor have I been in intimate contact with this work. I think the work is done by the Live Stock Expert in co-operation with the Agricultural Research Council. I am not in a position to give further details. I can request the Live Stock Expert to supply the Board with results of his experiments or details of his work if the Board desires.

Mr. Rahimtoola.—It will be interesting to know what work is being done by the Department with regard to improving the quality of wool. The Government of Bombay has sent us a reply with regard to the woollen goods purchased by the Bombay Government apart from the Indian Stores Department. Have you seen those statements?

Mr. Advani.—Yes.

Mr. Rahimtoola.—In your statement you have also said that you have in certain cases preferred imported goods. How do you compare the quality with that made in India?

Mr. Advani.—I am afraid I am not in a position to reply as these purchases were made by the Superintendent of Government Printing and Stationery.

Mr. Rahimtoola.—You have no knowledge of it?

Mr. Advani.—No.

Mr. Rahimtoola.—With regard to the statement which was just shown to you containing the details of the costs of blankets, you said under cost prices the wages are included.

Mr. Advani.—Yes.

Mr. Rahimtoola.—I would like to know what exactly is the amount that is included as wages.

Mr. Advani.—What is really called the profit of the weaver?

Mr. Rahimtoola.—That is shown in the third column?

Mr. Advani.—Yes.

Mr. Rahimtoola.—In the cost price wages are not included.

Mr. Advani.—The price at which he sells is Rs. 2-8.

Mr. Rahimtoola.—This is the bare cost?

Mr. Advani.—Yes.

Mr. Rahimtoola.—How many people are employed in the manufacture of a kambli? It is stated that it takes about 4 days.

Mr. Advani.—One man will weave on the loom a kambli and probably his wife will be spinning.

Mr. Rahimtoola.—That means 4 annas as wages for both?

Mr. Advani.—4 annas for the weaver.

Mr. Rahimtoola.—His wife's wages are not included.

Mr. Advani.—We have given separately the approximate cost of spinning. That is the approximate wage earned by the spinner. Spinner is ordinarily the wife of the weaver.

Mr. Rahimtoola.—That is included in the cost price.

Mr. Advani.—No. In the selling price of the Kambli we have included the wage of the weaver. That includes also a small wage of about 1½ annas or 2 annas earned by his wife. The actual wage earned by the man and his wife is 4 annas plus 1½ annas or 2 annas.

President.—The point my colleague is really trying to make out is whether the cost price which you put down does cover an estimate of the wages of spinning and carding. Whether that actually is paid or not, is a different matter. Does it include an estimate of what the carding and spinning wages should be?

Mr. Advani.—Rs. 2-4 includes the wages ordinarily payable to the spinner, that is the wife.

Mr. Rahimtoola.—4 annas is for the weaver?

Mr. Advani.—Yes.

Mr. Rahimtoola.—You say it takes four days to make a kambli.

Mr. Advani.—That is a big kambli.

Mr. Rahimtoola.—This takes a day and he gets roughly 4 annas a day?

Mr. Advani.—4 annas a day.

President.—This kambli which you say is 4'—6" width and 12" length—it weighs only 4 lbs.?

Mr. Advani.—It weighs nearly 4½ lbs.

Mr. Addyman.—12 oz. per yard.

Mr. Advani.—About 18 oz. per yard.

President.—An ordinary Bombay kambli is full width?

Mr. Advani.—Yes.

President.—It is not the narrow strips that they stitch together in some parts of India.

Mr. Advani.—Full 42".

Mr. Rahimtoola.—As regards the increase in the duty on yarn (question 16) you have stated that you want the duty to be as low as possible.

Mr. Advani.—I have said that bearing in mind the trade as a whole.

Mr. Rahimtoola.—Do you recommend any specific reduction in the duty or you want the present duty on yarn to remain?

Mr. Advani.—I have said what I would prefer. I am not in a position really to give any specific figure. I thought the Board would have all the figures with them and I am naturally anxious as Director of Industries to see that the industry, as a whole, should prosper.

Mr. Rahimtoola.—I thought this might be one of the points which might have been raised during your investigation with the weaver as to whether the present duty or any likely increase in the duty would have any adverse effect.

Mr. Advani.—Our weavers, as I said, use practically all hand spun yarn. It is only the knitting factories which use any imported yarn, so that in relation to the weavers this question would not arise.

Mr. Rahimtoola.—Here you are talking of individual factories and I am asking you about the duty on yarn. I suppose you have not given any detailed thought to it.

Mr. Advani.—No.

Mr. Rahimtoola.—You simply say that if there is any increase in the duty on yarn, there should be a corresponding increase in the duty on finished products.

Mr. Advani.—Yes.

Mr. Rahimtoola.—With regard to this mixed yarn stated by you in answer to question 9, is it used in any large quantities in this Presidency?

Mr. Advani.—No. It is used to some extent in the knitting factories.

Mr. Rahimtoola.—With regard to question 14, what is the amount the Bombay Government spends by way of technical assistance.

Mr. Advani.—We have at the present time two demonstrations to teach the wool weavers the use of improved appliances both in the matter of weaving as well as spinning. We spend about Rs. 6,000 a year on our demonstrations and we move these demonstrations which are of a peripatetic nature, from one wool centre to another as circumstances require.

Mr. Rahimtoola.—The interest you have mentioned about 10 to 14 per cent. on the loans, these loans are from private sowcars?

Mr. Advani.—Yes.

Mr. Rahimtoola.—What are known as *Mahajans*?

Mr. Advani.—Yes.

Mr. Rahimtoola.—Is there any Co-operative Society or any organisation for the marketing of the products?

Mr. Advani.—There is no marketing organisation.

Mr. Rahimtoola.—They do their own marketing through retail dealers?

Mr. Advani.—Yes.

Mr. Rahimtoola.—In reply to question 6, you have said that the handloom factories use mostly indigenous local wool. Have they ever pointed out any defects? You only say that it is of a poor quality.

Mr. Advani.—They spin and weave yarn of low counts of 4s and 6s. I think they have not made any specific complaints so far as we know.

Mr. Rahimtoola.—You said in answer to question 6, that there is severe competition from goods supplied both by the Continent of Europe and Japan. You mean Italy?

Mr. Advani.—It is practically Italy and Japan.

Mr. Rahimtoola.—Have you got any experience with regard to the quality of the Indian yarn which is being used by knitting factories?

Mr. Advani.—No. I am not in a position to say much on that.

Mr. Batheja.—Will you please refer to page 2 of your covering letter. You say that some small power driven factories have been started as recently as 1933. Is there any special reason why they were started in 1933? Was any stimulus felt by any change in that year or the preceding year?

Mr. Advani.—No. There are always people who are starting small factories and industries right through the year even during the period of depression. There is no particular reason that I can think of why they were started in 1933 or later or earlier.

Mr. Batheja.—It is also the year in which small woollen factories were started in the Punjab and we were given to understand that the reason was the specific duty of Re. 1-2. Do you think that it is possibly the reason for the starting of so many small factories?

Mr. Advani.—No. I don't think that applies here.

Mr. Batheja.—Have you not thought over the question? Did they not consult you?

Mr. Advani.—Some factories did consult us, but I don't think that that point arose.

Mr. Batheja.—Not to your knowledge?

Mr. Advani.—Not to my knowledge or recollection.

Mr. Batheja.—You are aware that under the Safeguarding of Industries Act special assistance was given to the wool industry in the shape of a specific duty?

Mr. Advani.—I am aware of that.

Mr. Batheja.—That point did not occur to those people who consulted you?

Mr. Advani.—No. It is possible that they knew that and that it might have influenced them. I am unable to make any statement one way or the other. They consulted us from time to time but that was not a point which was ever brought to my notice as influencing them in their venture.

Mr. Batheja.—How many new small power driven factories were started in 1933?

Mr. Advani.—Two woollen hosiery factories were started in Sind in 1933. Further details will be supplied in due course from my records.

Mr. Batheja.—Yes. We have tried to induce some of these small factories and the hosiery factories in Bombay to supply information to us and answer our mill questionnaire and the hosiery questionnaire. So far we have not received any information about costs and we have not received even information from those concerns which you have mentioned—The Gujarat Fine Knitting Mills and the Barejadi Knitting Factory. Is the failure of these small concerns to reply to our questionnaire due to the general apathy or to the fact that they are well off?

Mr. Advani.—My experience is that some of them are not able to follow the questionnaire. A similar thing happened in the case of the gold thread enquiry. The Tariff Board did not get any reply whatsoever. At that time, I had to send one of my own officers to the gold thread workers who explained to them the requirements of the Board and got their answers. The answers were then consolidated and submitted to the Tariff Board. I think the same difficulty is operating here.

Mr. Batheja.—Generally the owners of factories are businessmen who do keep accounts for their private purposes and for the Income-tax Department.

Mr. Advani.—I suppose they do, but when we ask them they don't disclose them.

Mr. Batheja.—I want to know whether their reluctance is due to incapacity or due to the fact that profits are being made by them?

Mr. Advani.—They don't appreciate the importance of it. That is my personal experience in connection with one or two Tariff Board enquiries. In those cases we have had to go out of our way and send one of our officers to get their answers and submit them to the Tariff Board.

Mr. Batheja.—Can you help us in the same way with regard to any of these small concerns as you did in the case of the Gold Thread enquiry.

Mr. Advani.—I will make an effort. In one case we were anxious to get the information and submit the same to the Tariff Board. They will not disclose the information. If the Board desires I will certainly make an effort. I shall send one of my Weaving Assistants to visit those factories and take their answers down and send them to the Board if you think that they will be of any use to you.

Mr. Batheja.—The Gujarat Fine Knitting Mills have asked for 15 days time over and above the time which is given to them. We have not heard anything from the other factory. You thought these concerns to be so considerable that you did not include their production in your general replies.

Mr. Advani.—That is so. They are fairly big.

Mr. Batheja.—If they are big, they are run by fairly biggish men who can give us information if they choose to do so.

Mr. Advani.—I remember visiting the Gujarat Fine Knitting Mills when I visited that place. They had to close down on account of bad business. They started again for a few months. The impression I gathered was that they were not doing so well that they would not wish to present their case to the Tariff Board.

Mr. Batheja.—You can realise the difficulties of the Tariff Board. If we don't get replies to our questionnaire from the industries, the presumption

is that they don't want their views to be considered and it is quite possible that the case may go against them by default.

Mr. Advani.—I can see that. I think that it is not that they don't wish to but it is largely that they have not got the capacity to submit their case to the Board—especially in the case of small people.

Mr. Rahimtoola.—Even if they submit, unless they do so in the manner the Board has asked for, the figures would be of no use.

Mr. Advani.—That is my experience with these small people. For my own departmental purposes, if I want any statistics, letters are of no use and I have to send somebody to them who will have to ask them, explain to them and cross-examine them and then collect the information wanted. If I were to rely on merely writing letters, I would not even get a reply.

Mr. Batheja.—I have placed the difficulties of the Tariff Board before you and if you could assist us, we would be grateful: otherwise the presumption will go against them. As the President and my colleague have covered all the other points in the covering letter, I shall pass on to the replies to the questionnaire. What counts of yarn are possible in the hand spinning industry?

Mr. Advani.—You mean from the local wool?

Mr. Batheja.—Yes. What is the maximum count which has been spun?

Mr. Advani.—They now do 4s, 6s and 8s but I believe on the new charkha which we have been introducing they can go considerably beyond that—probably up to 15s and 16s or round about that.

Mr. Batheja.—That is the maximum which they can reach?

Mr. Advani.—I must say I have not tried to see what is the maximum we can get or do. There has been no occasion to try that out. Our requirements are 6s and 8s and the kambhis are woven from very coarse counts.

Mr. Batheja.—The hand spinning section of the industry is generally able to hold its own against mill competition or foreign competition so far as yarn is concerned?

Mr. Advani.—That does not arise because the counts are very coarse—4s, 6s and 8s.

Mr. Batheja.—In that class of goods?

Mr. Advani.—There is no competition at all. Competition will come in if they start spinning higher counts.

Mr. Batheja.—Has there been any demand on the part of the cottage industry of Bombay or Sind for mill spun yarn in superior blankets or superior kinds of cloth?

Mr. Advani.—In Sind they have attempted in the Thar-Parkar district. Even there, they spin their own yarn from local wool. They go considerably above the counts that we spin in the Presidency proper. There has been no serious demand for mill spun yarn amongst the cottage weavers.

Mr. Batheja.—We have heard from the representative of the United Provinces Government that they have introduced fly shuttle looms for blanket weaving and for that the hand spun yarn is not so suitable.

Mr. Advani.—We have not found it so. We have been introducing fly shuttle looms in the Presidency for the past eight years. About 8 years ago we first started our wool weaving demonstrations and our principal piece of work was the introduction of fly shuttle looms and we have not at all found any difficulty experienced by our spinners to spin yarn suitable for fly shuttle looms.

Mr. Batheja.—Will they be able to get better profit if they use mill spun yarn on these fly shuttle looms?

Mr. Advani.—The difficulty there will be that in the cottage industry we have women folk who would not obtain anything if they use mill spun yarn—even 1½ or 2 annas which they are getting now and which is equal

to 50 per cent. of what the men earn themselves. I think that that would be one difficulty. It is also problematical whether the small additional profit which the weaver may earn by the use of mill spun yarn would more than counterbalance the loss of wages of their womenfolk.

Mr. Batheja.—How does the mill spun yarn compare—I am talking of finished blankets and kambhis—with hand spun yarn in giving the finish to the article?

Mr. Advani.—We have never seriously tried it out. In our own demonstrations, when we could not get as much hand spun yarn as we wanted, we used mill spun yarn. It was very dear as compared with what we had to pay for hand spun yarn although the finish was better. As I said previously to a question asked by the President, there is no incentive now to weave anything better. The imported stuff sells better and even at a higher price than our stuff.

Mr. Batheja.—Still there are some sales. Is it possible that a superior finish which may be obtained by the use of mill spun yarn may give you higher prices to compensate the loss?

Mr. Advani.—That is not our experience.

Mr. Batheja.—Do you think that on the whole the use of mill spun yarn won't pay very much?

Mr. Advani.—Not at the present time.

Mr. Batheja.—You said in reply to the President and my colleague that the wool grower has no incentive in improving the quality of his wool because he gets lower prices.

Mr. Advani.—I don't wish to commit myself on that. I have nothing to do with that kind of work. I have made that remark in a general manner. It is really the function of the livestock expert.

Mr. Batheja.—You are not prepared to answer any questions arising from the communication of the Government of Bombay based on the Director of Agriculture's note. Have you seen that?

Mr. Advani.—No.

Mr. Batheja.—You may reply to this question from your experience. The Director of Agriculture seems to suggest in his note that if the raw wool produced in the Presidency is made more suitable for mill consumption then the occupation of the cottage worker will be gone because he will be deprived of the raw material. Do you accept that statement?

Mr. Advani.—I don't say that. It is rather difficult to answer. If you take the analogy of the cotton work, that may be so. In cotton spinning that is what has actually happened. In the Bombay Presidency there are no cotton spinners now. All the hand weavers use mill spun yarn, but I have not, I am afraid given any serious thought to this question. It is rather difficult to answer such a question off-hand.

Mr. Batheja.—As you have not thought over it, I would not press the point. In reply to a question from the President you said that the woollen industry as compared with the cotton industry was a wholtime industry. Is the hand loom weaver confined to wool weaving only or does he try other fabrics also, say, silk weaving?

Mr. Advani.—The wool weaver never tries other fabrics because he is not skilled enough; cotton weaving requires greater skill, designs and so on. As you know the kambli is a coarse fabric; and so far as the technicality of weaving is concerned it is elementary in the case of weaving a kambli.

Mr. Batheja.—In the Punjab we found there was a tendency to combine silk weaving with wool weaving because the demands for both kinds of fabric are seasonal. The demand for woollen fabric does not last throughout the year and when that is shut down they take to silk weaving.

Mr. Advani.—Our conditions are apparently different. Backward as the weavers generally are, the wool weavers are the most backward of

artisans one would come across in the Bombay Presidency, and it has been difficult even to introduce among them the use of the fly shuttle loom and it takes many months to teach them the use of these looms and I think the teaching of silk weaving will be a much more difficult matter.

Mr. Batheja.—Is the wool weaver more independent of the *mahajan* so far as marketing facilities and capital facilities are concerned?

Mr. Advani.—He spins his own yarn and therefore he has not got to go out to buy yarn from the market. The *kambli* is a much cheaper proposition than cotton and silk fabrics.

Mr. Batheja.—But he must buy his raw wool?

Mr. Advani.—The amount of money the wool weaver requires is less than the amount of money the cotton weaver requires.

Mr. Batheja.—He does not require the skilled marketing assistance of the *mahajan* because his product is in demand in the villages?

Mr. Advani.—That is so.

Mr. Batheja.—Is imported yarn used for the carpet industry?

Mr. Advani.—To a very small extent. I think the local industry which you have seen is a very small one and they use both hand spun as well as Indian mill yarn.

Mr. Batheja.—Have the products of the cottage industry met an increasing competition from the products of the Indian mill industry in general?

Mr. Advani.—The general feeling would be in the affirmative. Indian mills are making blankets which to a certain extent come into competition with *kamblis*, but we have made no specific investigation to see the extent of that competition. Our feeling is that there is a rising competition both from the imported and to a lesser extent from the Indian mills making cheap type blankets.

Mr. Batheja.—How does the handloom blanket compare with the lowest quality of the mill blanket?

Mr. Advani.—The mill blanket's feel is finer. The handloom *kambli* is a very coarse thing but I think the mill product costs a little more than the *kambli* does. But there is that region of competition that does exist; they don't compete with the cheapest quality of *kambli* but rather with the better quality goods.

Mr. Batheja.—Is this region growing on account of increasing depression in the mill industry on account of foreign competition?

Mr. Advani.—Yes.

Mr. Batheja.—The mills have been driven more and more to encroach into the handloom field?

Mr. Advani.—I am not able to say definitely whether the mills have been driven to compete more and more on account of pressure from foreign competition. I would draw that inference but I am not prepared to make a definite statement.

Mr. Rahimtoola.—That means that Indian mill-made goods have not so far competed so seriously as to draw your attention pointedly to this aspect of the question?

Mr. Advani.—There has been a general feeling; my attention has been specifically and definitely drawn to that but to what extent that is specifically Indian mill competition or Italian competition I have not gone into details of that.

Mr. Batheja.—My colleague asked you a question about mixed yarn; what do you exactly mean by mixed yarn?

Mr. Advani.—By mixed yarn is meant cotton and wool mixture in the proportion of 35 to 60 per cent. woollen and 65 to 40 per cent. cotton.

Mr. Batheja.—In reply to question 9 you have said that imported yarn is sometimes bought from agents in Amritsar. Isn't there a local market for wool?

Mr. Advani.—I think it has a larger market; the number of woollen factories there is larger and therefore both from Sind and the frontier people are in touch with the Amritsar market.

Mr. Batheja.—Does the cottage industry use wool imported from Persia or Iraq?

Mr. Advani.—To a limited extent I think. Largely it is local.

Mr. Batheja.—Is it cheaper to use Persian or Iraqan wool because the sea freight is lower than the railway freight?

Mr. Advani.—So far as the cottage industry is concerned that has not been brought to my notice. The wool used is mostly indigenous.

Mr. Batheja.—Coming to question 12 I am trying to collect some figures about the cost of production in the handloom industry. I wish to compare the figures of one province with the figures which may be obtained in another province. Will it be possible for you to give us the cost of production of a blanket or a kambli under the following heads:—(1) Raw materials, (2) Wages, (3) Interest and selling charges, (4) Other expenses.

Mr. Advani.—I think it will be very difficult to give you interest and selling charges. What happens is that the man purchases wool just enough for several kambli that he can spin and sell, so there is no question of interest and selling charges. The amount of money that is considered his wages really includes the difference between his cost of yarn and the price at which he sells his kambli to the purchaser.

Mr. Batheja.—Still there will be a slight item of interest and selling charges. Why I ask this information is because in other provinces the charge is rather high because the cottage worker there unlike the cottage worker in Bombay is tied to the *mahajan*; he pays higher interest charges and in this sense the cottage worker here is more independent. You might assume interest on his working capital.

Mr. Advani.—Very well. What do you include in "Other charges"?

Mr. Batheja.—Anything that cannot be included under these heads will be other charges.

Mr. Advani.—The other charges will possibly be cost of raw material that is yarn, cost of size and so on and that is really where the matter will stop. But I will go a little further and get the price at which he sells the kambli, and the price at which he sells less the price of the yarn and the size will really be the profit. The interest charge on a kambli worth Rs. 2 will be only a fraction, but I will do my best in the matter.

Mr. Batheja.—You were good enough to supply us with samples of those articles of which you have given prices. Are these samples of goods which are suffering in competition with mill-made goods or foreign goods?

Mr. Advani.—The total demand has gone down because of that competition. The region of competition is both in regard to Indian mills as well as imported. Therefore the total demand is less. That is one point. The second point is that the wage earned is less. My enquiry has shown that since 1927 the actual earnings of the weaver whether it is cotton or wool have steadily gone down and until to-day, as I have shown in the statement submitted by me, the wage comes to 3 to 4 annas a day. It used to be when I first started the enquiry, often four times what it is to-day in some cases. That is a general statement I am making in regard to the wool weaver in 1927 it was 12 annas and to-day it is 3 to 4 annas.

Mr. Batheja.—That is not the point on which I am seeking information from you. I am asking whether the samples of goods which you have submitted are exactly comparable to the articles with which they compete?

Mr. Advani.—Imported goods, Italian, are softer in feel and used for a different purpose. These are, as you know, used in the monsoon in the district as waterproofs and in the cold season to keep the cold out, whereas the imported material could not be used except to keep the cold out.

Mr. Batheja.—Taking blankets which are used by the lower middle classes in urban areas, can you tell us what imported article competes with the stuff made by the cottage industry. Can you say "these are the articles which are outselling us"?

Mr. Advani.—These articles are used as bed covers in the cold weather. The Italian imported article is a softer material and is purchased, although it costs a little more. It is used for preventing cold. Where the class of people use this as a sort of one cover for monsoon purposes as well as covering during the winter.

Mr. Batheja.—All Italian rugs could not be competing.

Mr. Advani.—The cheapest variety is sold at Rs. 4-8 or Rs. 5, whereas these kamblis sell for about Rs. 2-8 or Rs. 3. The range of kamblis is up to Rs. 4-8. Anything which comes round about three or a little higher competes with the kamblis for certain purposes, that is to keep the cold out and not the rain out.

Mr. Batheja.—You could specify the exact imported articles which have driven out your kamblis out of the urban market.

Mr. Advani.—We could certainly. We know exactly in my District what class of imported rugs do compete with these. I have not supplied those samples.

Mr. Batheja.—There are rugs called Victoria and Calcutta. Can you say that those rugs compete with yours?

Mr. Advani.—I will have to examine that. It will not be right for me to reply forthwith. If the Board wish me, I will certainly ask my Weaving Assistants on the spot to say which class of rug is actually troubling them.

Mr. Batheja.—If you can get that information from your Weaving Assistants as to what kind of Italian rug is troubling them in the Districts, it will be useful. We have enough samples and if you specify the name, that will be enough.

Mr. Advani.—I will supply fuller details from my office later on.

Mr. Batheja.—If you maintain that the mill-made article is competing in a limited field with your article, I shall be very glad if you ask them to specify the mill-made article also, the trade name of the Indian mill-made article.

Mr. Advani.—Yes.

Mr. Batheja.—As regards competition between imported hosiery and the Indian made hosiery referred to on page 3 of your covering letter, are the Japanese articles which you refer to as mixed mixtures of woollen and cotton?

Mr. Advani.—Yes.

Mr. Batheja.—Does the Indian hosiery industry manufacture mixtures or pure wool articles?

Mr. Advani.—I think so. I have no reason to be dogmatic on that. That is my impression. I can verify that and let you know.

Mr. Batheja.—Yes. If they are making mixtures, I want to know whether they are able to compete more successfully with the imported pure wool article.

Mr. Advani.—Yes.

Mr. Batheja.—Our experience of the Punjab showed that the Indian industry is not making mixtures. They are making pure wool articles of very fine quality. I want to know whether the Bombay experience is different.

Mr. Advani.—So far as my information goes I understand that the knitting factories in the B. P. do not make mixtures.

Mr. Batheja.—Has the hosiery industry or the cottage industry which is using mill spun yarn made any complaints against Indian yarn as regards quality?

Mr. Advani.—No complaints have been made to me.

Mr. Batheja.—Have they complained about price?

Mr. Advani.—I don't think so to my knowledge or recollection.

Mr. Batheja.—I am asking this question, because we have received a number of complaints against Indian mill yarn both as regards price and quality in other places. In this Presidency the cottage industry is using a good deal of Indian mill-made yarn. Did you receive any complaints?

Mr. Advani.—Not to my recollection, but I am making a note of this point, and will send the detailed information in due course.

Mr. Addyman.—Mr. Advani, I understood you to say that the working period in the Bombay Presidency of the handloom and spinning industry was 10 months.

Mr. Advani.—Yes.

Mr. Addyman.—I cannot quite arrive at that period from the figures you have submitted. Perhaps you might be able to clear this matter up. If you refer to your answer to question 3, page 2, cottage workers (spinners) are paid 1 anna 6 pies per lb. and earn about 4 annas per day. As near as one can calculate, that is 2½ lbs. per day of yarn spun. There are 8,000 charkhas. If you multiply $2.75 \times 8,000$, you get a result of 22,000 lbs. a day.

Mr. Advani.—When I said 10 months, I was really referring to something quite different in this way that for about two months in the year these people do not work at all. They go out in the fields. When I said 10 months, I didn't mean that they were working all the time every day. Their work will depend during those 10 months upon the demand, and upon what they are able to sell.

Mr. Addyman.—In actual practice these spinners are not earning 4 annas per day.

Mr. Advani.—If you were to ask me whether these people earned 4 annas right through the year in and out, I would say, 'No'.

Mr. Addyman.—It rather leaves the Board to assume that the earning of a spinner is 4 annas per day.

President.—Is 4 annas calculated on the full day's work?

Mr. Advani.—Yes.

President.—On days on which they work, they get 4 annas.

Mr. Advani.—Yes.

Mr. Rahimtoola.—Wages shown by you will depend upon the sale, because they are profits.

Mr. Advani.—For the handweaver wages represent profits.

Mr. Batheja.—If you take the year as a whole, the average per day works out very low.

Mr. Advani.—Yes.

Mr. Addyman.—Something less than 4 annas.

Mr. Advani.—Yes.

Mr. Addyman.—What do you estimate the average production per loom would be in this Presidency?

Mr. Advani.—I must say it is an estimate. We base it on the value of about Rs. 150.

Mr. Addyman.—Can you state it in lbs.?

Mr. Advani.—360.

President.—375 is the average output per loom per year?

Mr. Advani.—Yes.

President.—Please refer to the statement of samples of woollen cloth from Bhingar, Ahmednagar District, where you give a kambli, 3' x 5' weighing 1 lb. 20 tolas. In the remarks column you say 4 pieces are woven per day. That is equal to 6 lbs. per loom on that particular kambli.

Mr. Advani.—Yes.

President.—The next one you give is 4 6" x 12'. It only works out to 1 lb. 3 oz. per day. What is the reason for this difference in production in respect of these two kamblis?

Mr. Advani.—The other one is a finer quality. I don't think we have supplied you with samples for every type for which we have given you prices.

President.—Here you have given samples. You will agree that there is not much difference in the construction of the two, very similar in counts and very similar in construction. Yet there is a difference of $4\frac{1}{2}$ lbs. in production.

Mr. Advani.—One consideration on this would be that the top one is 3' wide and the bottom one is 4' 6" wide.

President.—Should we not obtain more weight from a wider one?

Mr. Advani.—No, it is a matter of weaving. The loom is wider. These men have to work with hand and the width is a consideration in the matter of the quantity of cloth that they turn out.

President.—Are we to understand that the wider the handloom is, the less the production?

Mr. Advani.—The greater the width the less is the length he is able to weave.

President.—I am speaking of weight. The question of production in handlooms is a very important matter for the Board.

Mr. Advani.—I quite see. I will examine this question of weight. I would not wish to give an answer off-hand.

President.—There are one or two general questions which occur to me. Have these weavers as a rule any subsidiary occupation? Do they possess land as a rule?

Mr. Advani.—Very few. As a rule they don't.

President.—They work on the land as labourers when they are not weaving.

Mr. Advani.—Yes.

President.—Was the effect of this Swadeshi movement which I think began in 1931 evident in the wool handloom industry?

Mr. Advani.—It was evident inasmuch as—consistently I have seen that in the statement I have supplied—their income went up in 1930. In 1930 wages went up to 5 annas. That was obviously relating to all classes of weavers in that period.

President.—The Swadeshi movement was in force in 1930.

Mr. Advani.—It started in 1929. The effect was seen in the figures which I have obtained for the year 1930.

President.—Do you think that a rise in wages in 1930 was chiefly due to the Swadeshi movement?

Mr. Advani.—Yes.

President.—Greater sales took place?

Mr. Advani.—Yes.

President.—Speaking generally, it would appear that we can take it that the handloom wool industry is a very small and an unimportant factor in the cottage industry in comparison with cotton.

Mr. Advani.—Yes. My calculation is that we have got a total of about 100,000 looms in this Presidency. Out of that about 7,100 are engaged on wool.

President.—Generally speaking, the cotton weaver is of superior type to the woollen weaver?

Mr. Advani.—Yes.

President.—His work is definitely more detailed and requires greater skill.

Mr. Advani.—Yes. The cotton weaver is more intelligent and less conservative than the wool weaver.

President.—I understand the overlapping of competition between the cottage wool industry and the woollen mill industry occurs between the better products of the handloom and the bottom products of the mill.

Mr. Advani.—That is quite correct.

President.—Is that competition likely to increase? You are attempting to improve the types of your woollen weavers' products. As their products tend to become better they will come in increasingly greater competition with the mill products.

Mr. Advani.—Yes. I would also like to amplify that. The demand for the coarser type of kambli proper is limited. These kambli are used by the poorest of the various classes, menials in service, agriculturists and so on. If there is to be any help to the weaver, that is expansion in his market, that expansion can come, so far as I can see, only in the direction where there is a definite field of competition. Our effort in that direction cannot be successful unless there is protection and unless the price at which the cheaper variety of mill product at present is quoted is considerably higher than it is to-day. Until that takes place, there can be no further assistance to the kambli weaver barring the introduction of the fly shuttle loom.

President.—If I may sum that up, it comes to this. For the lowest product of the handloom product, viz., the kambli, there will always be a fixed market almost irrespective of price. It is an essential article and is very cheap.

Mr. Advani.—There too I would like to qualify my remarks. The price which is actually obtained is to a certain extent governed with all that by the general price of the lowest class of mill product. The price actually has gone down. The price which is realised by the kambli weaver has gone down and our feeling is that part of the reduction at any rate is due to the general level of lower prices of the lower type or cheaper type of the imported and Indian mill product.

President.—Whatever is done to help the industry in the form of protection, the competition between mills and the handloom weavers must remain. Whether these compete with the foreign products or not, it does not much matter. You are attempting to raise the standard of production on the handlooms and the mills are also attempting to raise their standard of products but we don't expect, by any external action, to be able to remove the competition. There always must be competition between the handloom industry and the mill industry. Have you got any specific proposals to make for the protection of the handloom? Do you think that the handloom cottage industry would be able to hold its own if the protection which is given primarily concerns the mill industry.

Mr. Advani.—I think the relationship is really the same between the cotton mill and the cotton handweaver as it would be between the Indian woollen mill and the woollen handweaver. We would have to organise the woollen weaver, to help him to reduce his cost still further and to investigate and see whether he could not produce individual designs on his blankets and other products which it will be difficult for a mill to produce because of its mass production. That would be the field in which I would work. I don't think I could suggest to the Board a method by which they could prevent the competition as between the Indian mill and the Indian handloom weaver.

President.—That competition cannot be prevented?

Mr. Advani.—No.

President.—No pious expression of horror at the inequity of the mills could prevent the mills from competing.

Mr. Advani.—I quite agree.

President.—In the cotton industry Government are attempting to help the industry by direct subsidy.

Mr. Advani.—They are helping the industry in marketing the products.

President.—Yes, and give grants for helping them in various ways. I don't know exactly how.

Mr. Advani.—I know the Government of India have recently made a grant specifically to help the handloom weaver to market his products and arising out of that marketing scheme we will try and teach the handloom weaver to produce fabrics as far as possible which are marketable and which as far as possible are not made by the mills. It is really marketing here.

President.—Is something more than that required for the woollen industry?

Mr. Advani.—The woollen industry has not received the same attention as the cotton industry has. I think the woollen industry people or wool weavers can profitably be taught to produce something very much better than the coarse kambli which they are at present producing and side by side with that it will be necessary to teach them to produce designs and colour schemes which it will not pay a mill to produce on a large scale. Side by side again they should be assisted in marketing their fabrics in the same way as the cotton weavers' fabrics are going to be marketed under this new scheme from the grant from the Government of India.

President.—In fact, at present, to restrict the assistance to marketing would not help the woollen industry as such because such products as they produce do not require very great help in the way of marketing, but if you were to improve their products, then the same kind of assistance which you are giving to cotton workers would be applicable.

Mr. Advani.—I have always felt that protection which is in various fields, whether it is cotton or wool, does assist the organised industry and it is very desirable that the unorganised industry should also be assisted. As I said, the only means of assistance is to teach him to produce better fabrics than he is doing now and also, shall I say, individual types of fabrics. I think the two should go together and any protection which is thus given should benefit the organised industry and side by side some money should be made available to teach the handworker to produce better fabrics and individual types of fabrics and products.

President.—In this matter, any improvement in the local wool supply should go directly to the benefit of the cottage industry.

Mr. Advani.—Yes.

President.—And for that purpose it is most essential that any experiments which the Agricultural Department are making should be conducted in close consultation with your Department which can tell the type of improvements wanted. It is no use producing a long staple wool which is no use to you. What the handloom weavers want must be indicated to the Agricultural Department.

Mr. Advani.—That was the position. We were working in co-operation, and I do agree that any wool turned out experimentally by them will be spun and woven in our Institute. I think the weaving and spinning part was not retained by the Agricultural Council. I do not know why. But I certainly and most definitely agree with you that the two must be correlated. They must turn out the wool and we must spin and weave it to see whether it is commercially useful to the industry or not.

President.—Well, it seems commonsense.

Mr. Batheja.—Arising out of this question, does the blanket industry in which the Bombay cottage worker more or less specialises provide any scope for individual treatment?

Mr. Advani.—I think so. We in India are very fond of colours and of designs. The moment you go beyond the kambli, that is my desire. The only possibility of expansion is in that field of finer blankets and in that, individualism can possibly be introduced and also colour schemes.

President.—We have found also even where colour schemes are possible a kind of product is turned out which has no hope of competition with the very evenly finished article imported unless you can teach them also how to finish.

Mr. Advani.—When I speak of producing, I include all the processes in it. I include finishing in it.

President.—We have not yet seen a handloom weaver's product which could compare even with the local mill products in respect of finish.

Mr. Advani.—I don't think it is impossible because I feel no organised effort has been made to do that. May I say in conclusion I have given opinions of my own and I have not committed the Bombay Government to anything I might have said.

President.—We understand that. Unless witnesses are specially instructed on any particular point, they are expected to give their own views only.

GOVERNMENT OF THE PUNJAB.

**Evidence of Lala RAM LAL, Director of Industries, Punjab,
recorded in Bombay on Monday, the 18th March, 1935.**

President.—Mr. Ram Lal, you are the Director of Industries, Punjab?

Mr. Ram Lal.—Yes.

President.—Before I come to your representation I would like to ask you one or two general questions about the industry in the Punjab. Do you regard the Woollen Industry in the Punjab as comparing in importance with the—I am talking of the handloom industry—cotton handloom weaving industry?

Mr. Ram Lal.—My own view is that the woollen industry, so far as handloom is concerned, is more important and is likely to be still more important than the cotton industry for the Punjab.

President.—What do you base that view on?

Mr. Ram Lal.—My view is that in the case of cotton, the mill can drive the handloom weaver in coarser varieties of cloth from the market whereas in the case of woollen products, the handloom can hold its own against the mill. The Punjab being one of the most important wool growing provinces in India stands in a particularly advantageous position. The Punjab is also one of the best markets for the consumption of woollen goods.

President.—The reason I suppose is chiefly one of climate.

Mr. Ram Lal.—Yes.

President.—The local wool market is probably the biggest in India.

Mr. Ram Lal.—Yes. Fazilka is the biggest raw wool market in India.

President.—I will talk about wool later on. In general, how would you describe the changes which have taken place since Mr. Latifi wrote his Manual? Have there been any changes in the wool industry?

Mr. Ram Lal.—There has been some change in this way that better varieties of wool are being produced through the efforts of the Veterinary Department. They have imported merino rams and by crossing they have I think succeeded in producing better local varieties and there has also been some improvement in the Bikaner wool which is one of the best that we get in India.

President.—Do you think that the efforts of the Veterinary Department have really had some effect?

Mr. Ram Lal.—Yes. And they are concentrating on improving the breed with a view to the production of better qualities of wool. I saw their farm at Hissar a couple of months ago. They are making special efforts to improve the production of superior wools.

President.—Has the effect been widely visible?

Mr. Ram Lal.—I could not yet make a definite statement as to the extent of the effect.

President.—Or is it only on just a small scale?

Mr. Ram Lal.—They have certainly achieved some results, though on a small scale.

President.—In the book of Badenoch's, on page 13, Section V, Wool, I find "in 1915-16 no less than 65 rams $\frac{1}{4}$ or $\frac{3}{4}$ bred were supplied to private individuals and District Boards by Hissar Farm. The cross gives a very good wool". This book was written after the war. Have these efforts been maintained?

Mr. Ram Lal.—Yes, and in fact they are being strengthened.

President.—It is said that there are over 4½ million sheep in the Punjab. They vary a great deal of course in their production, don't they?

Mr. Ram Lal.—Yes.

President.—Do you know if the Department has arrived at any estimate of the total production of wool from these 4½ million sheep? How much do you put your annual yield of wool at from a single sheep?

Mr. Ram Lal.—I shall let you know later.

President.—Do I understand that some of the wool in the Punjab itself is known as Bikaner wool?

Mr. Ram Lal.—Yes—That is about the best quality.

President.—It does not necessarily come from the Bikaner State.

Mr. Ram Lal.—No—It is a trade name. Much of it comes from Bikaner. It is also produced in the Punjab.

President.—The Bikaner wool does not necessarily come from Bikaner, does it?

Mr. Ram Lal.—No—It is a trade name. It comes from Bikaner and is also produced in the Punjab.

President.—Bikaner is not a Punjab State?

Mr. Ram Lal.—No, it is a Rajputana State adjoining the Fazilka market.

President.—I see Mr. Latifi on page 49 of his book says that the advantages of grading wool are understood in Lahore but not in Fazilka and elsewhere. Has any progress been made since 1911?

Mr. Ram Lal.—Not very considerable—but some grading is attempted. As a matter of fact there is not much incentive. Practically the whole lot is sent from Fazilka to Liverpool where it is auctioned at the risk of the exporters from India.

President.—The only incentive can be better prices.

Mr. Ram Lal.—Yes, but the prices they have been getting are not very encouraging. So, they have not taken it up very seriously.

President.—Is not a great deal of wool used in the mills as a whole?

Mr. Ram Lal.—Yes.

President.—They ought to be in a position to encourage grading. Surely it would assist them, the grading of wool.

Mr. Ram Lal.—Nothing to my knowledge has been done by the mills to ensure proper grading. The mills grade their own wool at the factory.

Mr. Batheja.—If the wool is graded and sold separately it will fetch a higher price?

Mr. Ram Lal.—Yes.

Mr. Batheja.—In that case there is some incentive.

Mr. Ram Lal.—Yes—but the prices realised in the past have not been very good and the sellers of wool have therefore not had much incentive.

Mr. Batheja.—Has no action been taken by Government to encourage grading?

Mr. Ram Lal.—No—Government has done nothing in this behalf.

President.—I am very interested to find in Latifi's article on the Woollen Industry of the Punjab in 1911 that "the profits of the industry are everywhere on the decline as the hand-weaver finds it increasingly difficult to compete with the cheap shoddy articles of Europe which beguile the simple customer by their excellent feel and finish". That might have been written yesterday, because practically it is the same situation to-day.

Mr. Ram Lal.—Yes, the same remarks hold good to-day.

President.—The industry has survived since 1911. I suppose the reason was that the war came in and killed the trade in the European product.

Mr. Ram Lal.—Yes—People made some money at that time and then went on.

President.—It is generally true to say that these branches of the cottage industry which were using foreign yarns were hit badly by the war, but others were helped.

Mr. Ram Lal.—Yes.

President.—It was maintained for some time after the war.

Mr. Ram Lal.—Yes, they made money during the war and went on.

President.—I notice a reference in 1911 to a flourishing industry in Sialkot which made a speciality of "garbi lois". It is made partly of cotton and partly of wool?

Mr. Ram Lal.—Yes.

President.—It has practically died out.

Mr. Ram Lal.—Yes—in Sialkot.

President.—"The number of looms dwindled from 100 to 6". Was that due to foreign competition?

Mr. Ram Lal.—Yes.

President.—Or was it due to the spread of the mill industry in the Punjab?

Mr. Ram Lal.—I would not put it to this reason. Sialkot is a manufacturing centre for sports materials. As there was no margin of profit in wool business they took to sports works.

President.—Mr. Badenoch says in 1917 "Even before the outbreak of war the New Egerton Mills were very large manufacturers of 'lois' and were to a certain extent supplanting the indigenous manufacturers of these goods". He goes on to say "the manufacture of 'garbi lois' has almost died out". It looks as if he was of opinion that the handloom industry in Sialkot had been destroyed by the New Egerton Mills.

Mr. Ram Lal.—I won't put it that way. I do not know what Mr. Badenoch had before him. I look at the matter in this way that cheaper blankets from all over—i.e., imported as well as mill made—drove this industry out of the market and that when people found that they could make a better living by getting work in some of the Sports works in Sialkot, they gave up this unremunerative industry.

President.—You mean that the profits tended to decline owing to competition and they gave it up and took to other occupations.

Mr. Ram Lal.—Yes—They gave it up because there was no adequate return or no return at all.

President.—The industry in Jallalpur Jattan suffered very seriously from the war but it has made up very largely since, I gather. Our visit to Jallalpur Jattan showed that the introduction of cheap foreign yarns set them up again. Is the product they are now turning out comparable with what they were doing before? Is it the same sort of article?

Mr. Ram Lal.—The woollen industry at Jallalpur Jattan has certainly come up again, but I think there has been deterioration. There are greater mixtures now. The quality is not the same. But the articles produced in Jallalpur Jattan are still popular amongst the class of people who use them.

President.—Are they now producing mixtures?

Mr. Ram Lal.—Yes—They are more prone to turn out mixtures than pure articles.

President.—What sort of mixtures?

Mr. Ram Lal.—Cotton warp and woollen weft. They give a good look all right. They get a better return because they sell them at a lower price and more readily.

President.—What are the articles generally called?

Mr. Ram Lal.—They are known as Jallalpur Jattan shawls, dhusas or chaddars.

President.—It is a sort of blanket?

Mr. Ram Lal.—It is a double fold sort of light blanket in which people wrap themselves while going about.

Mr. Addyman.—Is that worsted?

Mr. Ram Lal.—Yes.

Mr. Addyman.—How are they using cotton warp?

Mr. Ram Lal.—Because of the competition from cheaper imported blankets and also because of the general depression, they have taken to producing cheaper stuff—and the only way to produce the cheaper chaddar is to introduce cotton warp.

Mr. Addyman.—How long ago was it introduced?

Mr. Ram Lal.—I could not tell you. It has been in use, certainly, for more than four or five years.

Mr. Addyman.—The reason why I asked that question was that there was no cotton warp when the Board visited Jallalpur Jattan. It was all pure wool.

Mr. Ram Lal.—My information is that they are still using cotton warps—though not necessarily in all chaddars. It might have so happened that when the Board visited that place, they were engaged on the production of all wool chaddars.

Mr. Batheja.—How are blankets made of mixtures different from “Garbi lohies”.

Mr. Ram Lal.—“Garbi lohi” is a coarse sort of thing with cotton warp and woollen weft. It is used by poorer people. You can get it for two or three rupees. A blanket is better and thicker and costs slightly more. Blankets are generally pure wool.

President.—Is there any real distinction between a blanket and lohi?

Mr. Ram Lal.—Lohi is a name which is given to the coarser and one coloured cheap kind of wrapper used by the poorer people, whereas the blanket which is imported or is produced by the mill, has checks or some sort of a design.

Mr. Addyman.—I take it that the article known as blanket is a pure woollen article whereas lohi is a worsted article?

Mr. Ram Lal.—No—not necessarily. Lohi is an expression used in certain localities for coarser wrappers. Blanket is a check sort of wrapper—generally pure wool.

Mr. Batheja.—Lohi is very much lighter than a blanket?

Mr. Ram Lal.—Not necessarily.

President.—Lohi in Bombay and Southern India is quite a different article. It is a fine worsted article which is a shawl. In the Punjab they use the lohi in quite a different form?

Mr. Ram Lal.—Yes—In the Punjab they do not call it a shawl. Shawl is made out of finer worsted or pashmina yarn. Lohi is made out of coarser yarn.

Mr. Rahimtoola.—Chaddar may be single or double, a shawl may also be single or double?

Mr. Ram Lal.—Yes.

President.—What is the vernacular expression for a Kashmir shawl.

Mr. Ram Lal.—It is called a shawl or chaddar.

Mr. Batheja.—May I express the difference between a blanket and a lohi in this way, that a lohi is used for covering when going out while a blanket is used more for bed purposes?

Mr. Ram Lal.—I would not make that distinction. Shawl or chaddar is not generally used for the bed. A blanket or lohi would be used both for wrapping while going out and also for the bed. The vernacular equivalent of blanket is *kambal* in the Punjab. As stated before *lohi* is a sort of one coloured blanket.

President.—What do they call the coarse blankets which are turned out at Panipat?

Mr. Ram Lal.—They call it *kambal*. The horse blanket is known as *bhura* which is cheaper and coarser than an ordinary blanket.

President.—And the ordinary grades of blankets used by the poorer classes?

Mr. Ram Lal.—They are known as *kambal* or *lohi*.

Mr. Batheja.—*Lohi* is a blanket which has no stripes or designs?

Mr. Ram Lal.—Yes.

President.—In fact *kambal* and *lohi*s overlap very considerably?

Mr. Ram Lal.—Yes—That is so.

President.—You will now return to your answers to our questionnaire. In your accompanying forwarding letter which I think is addressed to the Government of the Punjab, on page 3 I am rather interested to see a reference to Czechoslovakia. The import figures show that in most parts of India Czechoslovakia imports were a very unimportant factor. In fact in the year 1933-34 imports from Czechoslovakia faded right away whereas you put the percentage of the competition as high as 20 per cent.?

Mr. Ram Lal.—This refers to woollen goods of finer counts.

President.—How far back do you intend this to go: is this up to date? I can give you statistics of piecegoods in which imports from Czechoslovakia are practically nothing in the last year.

Mr. Ram Lal.—We have got this information from the market, and my percentage has reference to the goods as available in the biggest distributing centre in the Punjab, *viz.*, Amritsar. This cloth may have been imported last year or year before.

President.—The Customs returns for 1933-34 show imports of piecegoods to be *nil* from Czechoslovakia; in 1932-33 they amounted to 300,000 lbs. only. I should imagine that this information you have got is rather a coincidence; it can't be very widespread.

Mr. Ram Lal.—I got this information from the distributing centre, *viz.*, Amritsar and as stated already goods may have been imported in 1932-33 or 1933-34. Our figures refer to business transacted.

President.—It may be from a distributing centre for a narrow range of goods: I don't think they will be very widespread.

Mr. Ram Lal.—That may be—but Amritsar is the wholesale distributing centre for woollen goods in the Punjab.

President.—In paragraph 5 I suppose the prices you give are for mill made goods?

Mr. Ram Lal.—Yes; we have made it clear where handmade is intended.

President.—The prices differ considerably from those you have given on page 17 of your own answers to the questionnaire, which relate entirely to handmade goods.

Mr. Ram Lal.—On page 3 we are referring to handmade goods at the end of the page. The variation in prices is due to difference in quality and locality.

President.—You refer to shawls at the bottom there—handmade from imported yarn Rs. 6 single, Rs. 12 double. How do these prices compare with the prices you have given on page 18 of the shawl cloth? What is the difference between shawl cloth and shawl? Is the shawl cloth much narrower?

Mr. Ram Lal.—The difference in price is due to quality. Shawl is a ready made article to which border, etc., is added. Shawl cloth is a thing of which one can make a shawl or whatever else he likes—there is no border to it.

President.—You have given the size of your shawls as about 39" x 54" for a single one. Will the shawl cloth be as wide as 54"?

Mr. Ram Lal.—It should be the same. It can be used for any purpose required.

President.—On page 4, paragraph 6 you say "In the matter of crochet wool or knitting purposes, Japan is on the way to oust every other country"?

Mr. Ram Lal.—Yes—That is so.

President.—Where was crochet wool coming from before Japan entered into the market?

Mr. Ram Lal.—In 1932 Japan came into the market; before that some of the wool came from the Indian mills and the rest from other countries, e.g., England, France and Germany.

President.—Was much taken from Indian mills.

Mr. Ram Lal.—Yes—an appreciable quantity came from Indian mills but since the advent of cheaper wool Indian mills are being ousted.

President.—You say that until Japan began to import its hosiery the United Kingdom supplied the bulk. How does the United Kingdom product compare with the Japanese? Is it a much superior kind of article?

Mr. Ram Lal.—Yes—it is superior but very expensive.

President.—Is it generally true to say that the hosiery manufacturers would much prefer to use the United Kingdom yarn if they could get it?

Mr. Ram Lal.—Yes—Provided it is cheaper. They have to find a market here; and if the United Kingdom gave them an economic price, they would take it. For a time they used Polish but when cheaper Japanese yarn came into the market, they gave it up. They want cheaper yarn from whatever source it comes.

President.—We have been given to understand by hosiery manufacturers that Japanese yarn is not very satisfactory and some manufacturers have even gone back to the United Kingdom for superior goods.

Mr. Ram Lal.—There is only one concern in the Punjab which is using the English yarn. Others can't afford to do it because they have the cheaper Japanese articles to compete with in the market.

President.—What in your opinion would really be the effect of curtailing the imports of Japanese yarns as demanded by the mill industry?

Mr. Ram Lal.—If the yarn alone is eliminated and not the finished goods, it will mean that whatever little work people are getting here will be lost.

President.—Nobody has proposed that we should eliminate yarns and allow finished goods to come in, but assuming the same proportion were applied both to yarns and finished goods do you think the demand for Indian hosiery will be likely to fall off?

Mr. Ram Lal.—I don't think so, unless prices go up prohibitively.

President.—You mean the demand has come to stay?

Mr. Ram Lal.—Yes; and you will find the poorest man wearing a pull-over and so on because it is so convenient and so cheap.

President.—If the duties went up, say, 60 per cent. which might be necessary to keep out the Japanese article and at the same time give protection to the yarn makers, the price of the Indian article might go up 50 per cent.

Mr. Ram Lal.—A slight rise in price should I think not hit the hosiery industry. You can get woollen pullovers for Rs. 1-12. Supposing the price went up to Rs. 2 or even Rs. 2-8 I think the people who now use it would still be using it all right. It should be borne in mind that internal competition is likely to keep down the price.

President.—There is likely to be severe competition between indigenous hosiery manufacturers?

Mr. Ram Lal.—Yes.

Mr. Batheja.—Will there be any increasing competition from cotton hosiery if the price of woollen hosiery goes up?

Mr. Ram Lal.—Not to a very appreciable extent. Japan is sending in cheap cotton hosiery goods, but that has not ousted woollen hosiery.

President.—Do the woollen hosiery manufacturers also make cotton hosiery to any large extent?

Mr. Ram Lal.—They did not do it until last year but they are thinking of doing something in Ludhiana and I think this summer they may take it up.

President.—Can they use the same machines?

Mr. Ram Lal.—With a little adjustment they can do it.

President.—Do you think that will enable them to carry on work for 12 months?

Mr. Ram Lal.—Yes. It is a necessity to them because as a result of the import of cheap articles and also due to internal competition the margin of profit has gone down; if they work for 12 months they can get a better return.

President.—Their overhead charges would be less? But on the whole overhead charges in hosiery factories are not very heavy.

Mr. Ram Lal.—That is so, but they have to sit idle for four to five months in the year and they have got to keep the manager or somebody to look after the property.

President.—Are the factories as a rule closed as long as that?

Mr. Ram Lal.—Yes.

President.—Most of the woollen hosiery factories actually close down?

Mr. Ram Lal.—Yes. In summer they produce samples and then they close down for 4 or 5 months.

President.—What happens to the labour?

Mr. Ram Lal.—Labour goes away and find work elsewhere or sit idle at home.

President.—Are the labourers in the hosiery industry weavers by profession or do they come from all classes?

Mr. Ram Lal.—From all classes.

Mr. Batheja.—How do they manage to keep themselves alive during the period they are unemployed?

Mr. Ram Lal.—They go elsewhere to find work; but it is not possible for all to get work—and accordingly some have to sit idle and live on borrowings.

President.—Coming to your answers in the questionnaire, of the number of factories you put down at Ludhiana you say one is a factory using power. Did we not see two small factories in Ludhiana using power?

Mr. Ram Lal.—At the time these figures were compiled I think one was not working.

President.—Is it chiefly engaged in silk weaving?

Mr. Ram Lal.—Chiefly in silk, but some fine woollen cloth is also produced as a side-line.

President.—You mean shawls.

Mr. Ram Lal.—Yes. Shawl cloth and saris.

President.—You have given here the number of small scale weaving factories in the Punjab and the number of looms installed in cottage handloom weaving centres and the capital invested therein. There are 1,115 looms according to your statement and the total capital is put down at Rs. 2,94,000. Would it be a fair assumption that we can extend to your total number of cottage looms in the Punjab the average which you put down here or would that be unfair? The total number of looms you have given for the province is 3,720.

Mr. Ram Lal.—Yes. The average for cottage looms would be about the same everywhere.

President.—This statement shows at selected centres 1,115 and the capital invested including the working capital is put down at Rs. 2,94,000. Could we extend the average to the whole?

Mr. Ram Lal.—You can take it that the average will be all right for cottage looms as distinct from factory looms.

President.—The only doubt I would like to express would be that some of your selected centres work for longer periods in the year than others and they might undoubtedly swell the average. For instance Panipat works for a greater part of the year.

Mr. Ram Lal.—Yes. Panipat works for the whole year.

President.—You have given that as a reason for the high working capital. That I take it is rather exceptional. In most parts of the Punjab the cottage industry does not work for 12 months.

Mr. Ram Lal.—They work for the whole year, but they are not all necessarily engaged on the weaving of wool. In Panipat they do nothing else but wool spinning and wool weaving.

President.—Panipat and Jallalpur Jattan work for longer periods than others?

Mr. Ram Lal.—Yes—on wool.

President.—Is Multan the only place where the cottage industry for carpets is important?

Mr. Ram Lal.—Yes—Multan and Amritsar are the two places for carpets.

President.—Amritsar is very largely organised into factories.

Mr. Rani Lal.—Yes.

President.—In the case of carpets you have only given Multan.

Mr. Ram Lal.—Because I assumed these Amritsar factory owners might have been addressed by the Board direct.

President.—The point I am asking now is whether there are any cottage carpet looms elsewhere than in Multan.

Mr. Ram Lal.—Multan is of course the only place of importance. There is a place called Mankera where people produce what is called Mankera rug. There may be one or two other places, but that doesn't affect the point at issue.

President.—The carpet industry, as a cottage industry, outside Multan can be neglected?

Mr. Ram Lal.—Yes.

President.—There has been some difficulty in making out satisfactory estimates of the number engaged. To some extent your subsequent letter has cleared up the discrepancies, but I would like just to verify the figures which I now arrive at. On page 4 of your representation you stated that you estimated that over 200 persons are employed in factories and about 8,000 in cottages.

Mr. Ram Lal.—Yes.

President.—The revised figures in section 2, handloom factories and cottage workers not using power are 13,826.

Mr. Ram Lal.—Yes.

President.—We have added to the figure of 1,600 for Amritsar, Jullundur, etc., the figure of 2,000 families.

Mr. Ram Lal.—Yes.

President.—1,600 you say relate to factories?

Mr. Ram Lal.—Yes.

President.—You say that there are in addition 2,000 families in these towns engaged in cottage industry.

Mr. Ram Lal.—Yes.

President.—I propose to take 2,000 families meaning 6,000 workers, weavers and helpers. In Panipat, for instance, you have given a figure of 1,000 including weavers and helpers

Mr. Ram Lal.—That would be all right.

President.—I notice in another place you have taken one weaver per loom and two helpers per loom and that is three times the number of looms. If there are 3,000 looms the total number of people engaged in the industry would be 9,000.

Mr. Ram Lal.—As a general proposition it is correct, but it may be noted that Panipat is exceptional in that other members of the family do help in the production of yarn which is consumed by the weaver. In Jalalpur Jattan where they used imported yarn, the number of helpers would not be the same.

President.—Excluding Panipat, in Jalalpur Jattan the number of helpers is just twice the number of weavers.

Mr. Ram Lal.—Yes.

President.—I have only taken those figures. If there are 2,000 looms, there will be 6,000 workers.

Mr. Ram Lal.—That will be all right as a general rule.

President.—That gives us a figure of about 14,000 engaged in the woollen industry in the whole of the Punjab. Do you think that underestimates the importance of the industry?

Mr. Ram Lal.—Yes—because that does not include every thing.

President.—This excludes, I understand, a considerable number of weavers in the Kulu Valley.

Mr. Ram Lal.—Yes—practically everybody does spinning and weaving in Kulu.

President.—What would be the population of the Kulu Valley?

Mr. Ram Lal.—I couldn't say offhand, but there practically every family has got one loom and spinning is done on takli. When they go out to the fields they spin.

Mr. Batheja.—Just like the people in Almora. Are they a fixed population or wanderers?

Mr. Ram Lal.—Generally fixed population. They go out to the fields for the grazing of their goats and sheep, and also for carrying on their ordinary agricultural operations.

President.—Have you any idea how many looms you would put down in the Kulu Valley to add to this?

Mr. Ram Lal.—20 per cent. of the population. Every family in Kulu carries on wool spinning and weaving to meet mainly the local and family requirements. The surplus is sold.

President.—We don't know the population of Kulu.

Mr. Ram Lal.—I shall let you have it.

President.—Let us have an idea as to what the total population is likely to be in Kulu Valley? Do they export at all?

Mr. Ram Lal.—Whatever they could spare, they sell. The dealers from the plains go there and purchase wool and blankets. Some wool from Tibet is also sold at Kulu.

President.—Have you any idea of the value of exports of Kulu?

Mr. Ram Lal.—No—We have not worked out any figures, because there is no agency to record it.

Mr. Batheja.—Do they sell some wool to the Dhariwal Mill?

Mr. Ram Lal.—Yes. The Dhariwal Mill has got an agent in Kulu and it is the only organised firm in the Punjab for the purchase of wool in Kulu.

President.—The figure of 14,000 seems to be small for a Province which claims to be the chief woollen market of the country. The figure given by the Director of Industries, United Provinces is in the neighbourhood of one lakh.

Mr. Ram Lal.—We haven't got anything like that engaged in spinning and weaving. Most of the Punjab wool finds its way outside. The Sind port stands first in the matter of export of wool. To 14,000 must of course be added the Kulu figures which will be reported subsequently.

President.—The Export from Karachi includes frontier wool coming from Baluchistan.

Mr. Ram Lal.—Yes.

President.—You have not worked out the figures of Provincial Exportation figures?

Mr. Ram Lal.—I have not complete figures beyond what is contained in the monthly accounts relating to the Inland (Rail and River-Borne) Trade of India. We have no agency to work out these figures.

President.—I suppose it doesn't all travel by railway.

Mr. Ram Lal.—It goes both by rail and by river.

President.—Does not the Punjab maintain provincial statistics?

Mr. Ram Lal.—We maintained them up to the year 1921-22 and stopped. The Government of the Punjab have decided not to spend money owing to retrenchment. For instance we do not know how much wool enters the Punjab from the north by the land route and what proportion of it goes out.

Mr. Batheja.—They have been revived in the United Provinces, Central Provinces and Madras.

Mr. Ram Lal.—We estimated the cost of reintroduction of Inland Trade Statistics. The cost would be nearly Rs. 20,000. On account of financial stringency, the Punjab Government would not think of reviving them.

President.—If there are 4½ million sheep and the production of each sheep is 1½ lbs., you get about 7 million lbs. of wool.

Mr. Ram Lal.—It is a little more. We have estimated 9·7 millions.

President.—You say you use 4,800,000 lbs. in the handloom industry. That leaves nearly 5 million for use by Dhariwal mills and export.

Mr. Ram Lal.—Yes. In 1933-34 the export from Sind was 34,565,584 pounds.

President.—But Sind includes all frontier wool as well as wool coming from Afghanistan and Baluchistan.

Mr. Ram Lal.—Yes. We have not got any agency to record the amount of wool coming that way into the Punjab.

President.—It goes straight to Karachi. You probably export a good portion of the wool to the United Provinces.

Mr. Ram Lal.—Yes—We also send a good quantity to Bombay. The freight *via* Bombay and *via* Karachi is about the same.

President.—We had better go through your representation now page by page. The figure of 14,000 workers which I gave you excludes hosiery?

Mr. Ram Lal.—Yes and also those working in mills.

President.—You have given a figure of about 8,000 engaged in the hosiery industry?

Mr. Ram Lal.—Yes.

President.—Your figures of wages on page 6, to what extent are these wages actual sums paid and to what extent are they estimates? We have been told that in many of the cottage industries the wages are rather nominal but the weaving tends to be a family affair, so that it is difficult really to say exactly what the wages are.

Mr. Ram Lal.—Yes—in a family everybody works. The wife helps for instance in preparing the warp and also in spinning, say, at Panipat. The husband generally does the weaving.

President.—So that the wages of the weaver tend to be whatever he can get above the actual cost of production. Possibly he pays the spinners for spinning and he pays for the wool. Having woven his product he sells it and the difference between what he gets and what he has paid out is really the wages of the weaver. When you say that a man gets Rs. 20 to Rs. 30 a month, is that calculated in that sort of way or is that the actual wage paid in a factory?

Mr. Ram Lal.—It is done in this way: in some cases the weavers work on their own account and in some cases they work on behalf of the shopkeeper who provides the raw wool or provides the yarn. The weaver takes the cloth to the shopkeeper after the thing is finished and the net amount paid to the weaver should be taken as the wages of the family unit and that is the amount which is given in the statement. Women and children are shown where they work independently for somebody else. When the weaver works for himself, his wages are what he gets above the cost of the materials used by him, and when he works for the shopkeeper what he gets from him.

President.—In such cases does the shopkeeper pay the weaver an actual sum of money? The weaving wage what he gets, is it not?

Mr. Ram Lal.—Yes.—In some cases the shopkeeper gives an advance which is adjusted later. In other cases payment is made to the weaver when the cloth is taken to the shop.

President.—The shopkeeper prices the cloth?

Mr. Ram Lal.—Yes. The shopkeeper prices the cloth according to his judgment.

President.—In that way you calculate that a man may make Rs. 15 to Rs. 20 a month in Amritsar.

Mr. Ram Lal.—Yes.

President.—And more in Jalalpur.

Mr. Ram Lal.—Yes. In Amritsar reference is to men employed in factories. In Jalalpur reference is to people who are generally working on their own account or on behalf of shopkeepers.

President.—In Panipat, for instance, wages are paid on piece rate system.

Mr. Ram Lal.—Some work on their own account and some for the shopkeepers.

President.—As a sort of factory system in which the weavers are paid.

Mr. Ram Lal.—Not exactly that way.

President.—Contracts are given out to the cottage workers?

Mr. Ram Lal.—Not that way. The weaver comes to me for work and says "will you give me wool or yarn". It is for me to give wool or yarn. After finishing the thing, the weaver takes it back to the shopkeeper who pays according to the work done. The shopkeeper finances the weaver. The shopkeeper gains twice over in the raw material and in finished goods. He pays the weaver by the work done.

President.—That is what you call 'piecework system'.

Mr. Ram Lal.—Yes.

President.—4 to 8 annas a blanket?

Mr. Ram Lal.—Yes.

President.—I think we need not lay much stress on the total estimate of the number of charkhas.

Mr. Ram Lal.—It is better that we do not.

President.—The estimate is a rough approximation.

Mr. Ram Lal.—Yes.

Mr. Batheja.—This number of charkhas excludes all taklis?

Mr. Ram Lal.—Yes.

Mr. Batheja.—All taklis are excluded whether they belong to the Kulu Valley or whether they are found outside the Kulu Valley.

Mr. Ram Lal.—Yes.

President.—We were told in Jalalpur Jattan that the number of looms has been greatly under-estimated and the reason that the local people gave was that they were afraid that when the enumeration took place there was going to be a tax. Some of them were dismantled and some of them buried; some of the chief people told us that the number was greatly under-estimated. It is put down as 500 but we were told that it was about 3,000.

Mr. Ram Lal.—I don't think that the difference could be as much as that. Officers of the Industries Department go there occasionally and give them assistance in the way of loans and technical advice. I think we have got at the right number.

President.—500 is the estimate given in 1911 by Mr. Latifi. But what was the point of these people in greatly over-estimating the number of looms? Do you think that it is an effort to impress upon us the importance of the local industry?

Mr. Ram Lal.—That might be. I cannot believe that our local officers who made an enquiry on the spot could have been misled so greatly.

President.—The population of Jalalpur Jattan is about 10,000.

Mr. Ram Lal.—Thereabouts or perhaps less.

President.—Judging from the population, 500 seems to be an under-estimate. 3,000 would work out to more than one loom per family. If the population were 6,000 to 7,000, it would mean 2,000 families.

Mr. Ram Lal.—I think there are weavers and there are helpers and there are people following other occupations. Each loom has to be fed by several people who, for instance, prepare the warp and so on.

Mr. Batheja.—Will 1,000 be more accurate?

Mr. Ram Lal.—I will stick to the figure I have given. People are not engaged on weaving alone. There are other occupations followed there as well, and we must make allowance for children.

President.—Now we come back to the question of wool. On page 10, you say "At other places the varieties are named after the cropping seasons viz., Chetua and Savani representing the months when they are generally clipped and as white and yellow Joria and Bikaner". You mean by that, I take it, where the crop is like Joria or Bikaner, they call it by those names.

Mr. Ram Lal.—Bikaner is named after the variety. Chetua and Savani are after the names of clipping seasons.

President.—You say white and yellow Joria and Bikaner.

Mr. Ram Lal.—White is the summer variety. The other one is the winter variety. Bikaner is the trade name for its own variety.

President.—The Joria wool comes from Cutch. Do they use that term or local wool?

Mr. Ram Lal.—Yes.

President.—Are these wools sold as Joria and Bikaner?

Mr. Ram Lal.—Yes. In fact, they are sold under those names in England as well.

President.—Although it is grown in the Punjab?

Mr. Ram Lal.—Yes, when it is exported from the Punjab markets, certain name is given to the article in trade.

Mr. Rahimtoola.—It is not only exported from but grown in the Punjab?

Mr. Ram Lal.—Yes, for the main part.

Mr. Rahimtoola.—The two things are quite different. One is exported from the Punjab and another is grown in the Punjab.

Mr. Ram Lal.—Quite right. The Punjab grows as well as exports. The names are the names prevalent in the trade.

President.—I want to know whether they do actually grow in the Punjab or whether they import and then export?

Mr. Ram Lal.—It is also grown.

President.—These terms do apply to the indigenous varieties?

Mr. Ram Lal.—Yes.

President.—Have you any idea of the quantities which come into the province? Is the Kulu Valley wool the biggest supply?

Mr. Ram Lal.—The Kulu Valley supplies one of the finest variety. I cannot give an idea of the quantity for each locality.

President.—It is not necessarily the most important in quantity, is it?

Mr. Ram Lal.—No, not in quantity, but it is important from the point of view of fineness and quality.

President.—On page 11 you deal with the question of imported yarns. It appears from the figures you have given that the extended use of imported yarn is of very recent growth. In 1930 the total consumption was only 10,000 lbs. Is that the consumption of the whole of the hosiery industry in the Punjab?

Mr. Ram Lal.—These figures relate to Lahore. In fact, the hosiery industry's demand on an important scale began in 1928 and it has since gone on increasing every year.

President.—It had been going on for a great number of years on a small scale.

Mr. Ram Lal.—Yes.

President.—To what do you ascribe this sudden growth of the industry?

Mr. Ram Lal.—People who started made profits. Just as in so many other industries, one man makes a profit, others follow and start the same thing.

President.—The industry was going on for a great number of years. What is the immediate cause for the sudden burst of prosperity? Was it due to the swadeshi movement?

Mr. Ram Lal.—Yes—partly swadeshi, partly cheapness and partly changing tastes.

President.—The swadeshi movement was assisted by the great fall in the price of yarn. The Polish yarn was coming in considerable quantities.

Mr. Ram Lal.—Yes. Polish yarn was used considerably for some time.

President.—It was coming in at cheaper rates?

Mr. Ram Lal.—Yes. With Polish yarn, people could produce goods cheaper than British goods.

President.—I am anxious to arrive at the cause of the sudden burst of prosperity of the hosiery industry. No cause which we have been told of really seems sufficient to account for it. There was the swadeshi movement; there was also the supply of cheaper yarn. Are these two factors alone sufficient to account for it?

Mr. Ram Lal.—Yes, these and also the profits made by people who were the pioneers and the changing tastes. Their profits were so great that they made other people take to it.

President.—That means it is very largely due to the Punjabi's anxiety to make profits. The young Punjabi is always very anxious to take advantage of a movement of this sort.

Mr. Ram Lal.—Yes, if the pioneers have been successful. For instance, take the case of spinning factories. We have twice as many as we need.

Pioneers made profit and others followed. With the cheap Polish yarn, some people made money and many others followed.

President.—That is the real cause of this sudden burst of prosperity of this industry?

Mr. Ram Lal.—Yes. The real causes are (i) the initial profits, (ii) low prices, and (iii) the demand created for such articles.

President.—There is a mistake, I think, in the latter half of your page 11. The total consumption figure which you have given as 10,500 lbs. must be 105,000 lbs.

Mr. Ram Lal.—Yes.

President.—Your consumption of wool is put down as 4,800,000 lbs. You have since informed us that 3,000,000 of this is the consumption of Indian mills. That leaves 18 lakhs of lbs. of wool as consumed by the cottage industry.

Mr. Ram Lal.—Yes.

President.—You put down the yarn produced from 18 lakhs of wool as 15 lakhs of lbs.

Mr. Ram Lal.—Yes.

President.—And you add that the handloom industry uses 548,000 lbs. of imported or mill spun yarn, so that the total consumption of yarn by the weaving industry is something over 2 million lbs.

Mr. Ram Lal.—Yes.

President.—I don't quite follow your answer to question 8. You say on page 15 of your replies that your total production is 2,604,000 lbs. and you now explain in your supplementary letter that 19 lakhs of lbs. is the production of handloom weavers and small scale factories and the remaining 7 lakhs of lbs. of mills. I do not quite understand why 7 lakhs of lbs. of mills is included here.

Mr. Ram Lal.—Because we did not originally realize that the figure which we gave, included the production of mills. That was a mistake.

President.—The object of this further explanation is to show what happened to the consumption of yarn by the cottage industry. They used 2,048,000 lbs. of yarn and you now say on page 3 of your supplementary letter "Of the total poundage of 2,600,000 about 1,900,000 lbs. of finished goods is the production of handloom weavers . . ."?

Mr. Ram Lal.—There was a certain amount of wastage.

President.—How did this 700,000 come in the original estimate? I don't quite follow it. You say the total production of manufactured goods in the province was 17 lakhs of blankets, 3 lakhs of shawls, 6 lakhs patties and tweeds; now you say 700,000 of that was really mill production. How could mill production come into your first estimate at all?

Mr. Ram Lal.—In estimating the production of articles, the mill was by mistake included.

President.—What you mean to convey probably is that your original estimate is too high for the cottage industry and therefore you wish to correct it so as to make it fit in with your estimate of the total consumption of yarn so that your final figures would be consumption of yarn 2,048,000 and your production of finished goods 1,900,000 lbs.?

Mr. Ram Lal.—Yes.

President.—Where did you get your original estimate of 4,800,000 as the consumption of wool?

Mr. Ram Lal.—It was obtained from the Municipal offices by the local Industrial Surveyors.

President.—Your surveyors.

Mr. Ram Lal.—Yes.

President.—And they obtained figures from all the mills as well?

Mr. Ram Lal.—They really got it from the terminal tax offices by private enquiries. The mills are chary of parting with such information.

President.—So that not only covers the handloom cottage industry but also includes the mills in Dhariwal and Amritsar?

Mr. Ram Lal.—Yes.

President.—This estimate was not based on any calculation from the census of sheep?

Mr. Ram Lal.—No.

President.—On page 16, you give a statement of production of finished goods in selected centres. What is actually meant by 'woollen goods' in the second column?

Mr. Ram Lal.—Woollen goods indicate blankets and similar articles which are not covered by Pashmina chadars and shawls which will be of finer yarn.

President.—The first column is chadars and finer shawls. The remainder would be all other kinds of woollen goods chiefly blankets?

Mr. Ram Lal.—Yes.

President.—Are we to assume that the balance of the production is carried out on the other mills in the province? On page 16, this statement from selected centres covers about 1,350,000 lbs. excluding hosiery. Your revised figure of the total output of the province now comes to 1,900,000; there is a balance of about half a million lbs.?

Mr. Ram Lal.—That would be the production of weavers scattered all over the province.

President.—The difficulty is that you have told us that there are not more than 500 looms in the rest of the province. I pointed out in my letter to you that comparing your estimate of the total number of looms in the province and the number of looms in the selected centres, there were only 500 left for the rest of the province. But now your output in the selected centres amounts to 1,350,000 and the output of the province amounts to 1,900,000 lbs.; that leaves about 600,000 to be produced by 500 looms—over 1,000 lbs. per loom per year. Isn't that a little too much?

Mr. Ram Lal.—I presume the number of looms must be much more, for we did not carry out a census of every village and the Kulu figures have not been included.

President.—I should think so too. I do not know the Punjab very well but these selected centres seem to me to leave out a great deal of the Punjab.

Mr. Ram Lal.—Yes, but they represent the typical centres.

President.—Is this revised estimate of the total output of the province meant to cover Kulu?

Mr. Ram Lal.—No. It excludes Kulu because there almost every family has got a loom.

President.—But even for the rest of the province excluding Kulu you think 500 is too low?

Mr. Ram Lal.—Yes. It is on the low side, to be very exact.

President.—I would just like to know the meaning of the vernacular terms you have given here. Dhussa—is that superior type of shawl?

Mr. Ram Lal.—Yes.

President.—Lukars?

Mr. Ram Lal.—Inferior kind of blanket.

President.—Bhura is also a very inferior kind of blanket?

Mr. Ram Lal.—Yes. Bhura is generally used for covering animals and is used by extremely poor people.

Mr. Rahimtoola.—On page 17 about this Pashmina you mention there—does the wool for this come chiefly from Kashmir?

Mr. Ram Lal.—I think most of the Pashmina comes from Kashmir or Lahoul and Spiti. Yarn is spun at Nurpur or at Jalalpur Jattan. It is the hair of goats which are found in higher altitudes.

Mr. Rahimtoola.—You say the extraneous matter constitute 50 to 60 per cent. of the total weight; that means practically 50 per cent. is wasted?

Mr. Ram Lal.—Yes, that is why it is so expensive.

Mr. Rahimtoola.—After cleaning it is called Pashmina?

Mr. Ram Lal.—Yes. The underhair of the goat is called Pashmina and the remainder is coarse hair.

Mr. Rahimtoola.—The prices given in answer to question 12, do they include wages?

Mr. Ram Lal.—Of course they do.

Mr. Rahimtoola.—The blanket at Panipat which costs Rs. 2 Rs. 3 is sold at from Rs. 2-6 to Rs. 3-8. Generally they make profit over and above their wages?

Mr. Ram Lal.—That is about all they make; the wages are the profits.

Mr. Batheja.—You said in reply to my colleague that the cost price includes wages?

Mr. Ram Lal.—Yes—whatever the cost of production, the wages of the weaver are included. Supposing it costs a weaver Rs. 2 for the yarn and the shopkeeper pays Rs. 2-8 for the finished article. 8 annas is the wage of the weaver, and that represents a part of the cost in the production of the lohi or blanket or whatever it may be.

President.—Does the cost price mean the price at which a weaver sells his product and does selling price mean the bazar price at which the dealer sells?

Mr. Ram Lal.—Cost price means the price at which it reaches the hand of the dealer and the selling price is the dealer's selling price. About 80 per cent. of the stuff in the Punjab is sold through the middleman who is generally the shopkeeper.

Mr. Rahimtoola.—The selling price must include his brokerage and commission. If it is sold through a dealer and not the manufacturer, then extra commission is put on the price?

Mr. Ram Lal.—Yes. The selling price includes interest, commission and whatever other charges may have been incurred.

Mr. Rahimtoola.—What does the manufacturer get?

Mr. Ram Lal.—He gets wages; the manufacturer gets wages which are included in the Rs. 2—the price of the wool *plus* the wages of the weaver.

Mr. Rahimtoola.—That is the price which the dealer pays him?

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—And the dealer adds his own profit and then it becomes the selling price in the market?

Mr. Ram Lal.—Yes. Suppose the dealer gives Rs. 1-8 worth of wool and pays the weaver 8 annas wages, the cost to the dealer is Rs. 2. If he sells it at Rs. 2-8, this would be known as the sale price.

Mr. Rahimtoola.—That means the dealer gives him money for the raw material?

Mr. Ram Lal.—No. He generally gives the raw material.

Mr. Rahimtoola.—Does he give the money at once as soon as he parts with the finished article or not unless he sells the article?

Mr. Ram Lal.—No. The weaver is paid as soon as the finished article is delivered to the dealer.

Mr. Rahimtoola.—Does the same thing apply to the hosiery cost price and selling price?

Mr. Ram Lal.—It is different because the hosiery people's cost price includes all charges including overhead charges.

Mr. Rahimtoola.—But the selling price is the dealer's price?

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—That means in 1930 the cost price of slippers was Rs. 39 and the selling price Rs. 49 and they made Rs. 10?

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—Now I find that the margin of profit is gradually going down, from 1930 to 1934?

Mr. Ram Lal.—It is. It is only Rs. 2-4 compared to Rs. 10 four years ago.

Mr. Rahimtoola.—Rs. 10 went down to Rs. 3 in 1934; was that due to Japanese competition?

Mr. Ram Lal.—Yes—primarily.

Mr. Rahimtoola.—On page 15, you have described the general credit which is allowed: is that to the weavers?

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—And the dealer charges 6 per cent. per annum, or is this for hosiery goods?

Mr. Ram Lal.—It is for the weaver.

Mr. Rahimtoola.—30 days credit is allowed and interest charge is 6 per cent. if not paid on maturity?

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—Is this 6 per cent. included in the cost price?

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—They spin by means of takli?

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—These are better class weavers?

Mr. Ram Lal.—Yes—like the weavers at Jalalpur Jattan. They are really doing better than the people at Panipat who produce inferior kinds of goods.

Mr. Rahimtoola.—On page 19, you have given interest charges of 9 to 18 per cent. Are they also for cottage workers?

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—On page 20 of your representation you say: "The weavers are generally able to repay their dues after 4 or 5 months. Weavers obtain their wool from brokers who charge Rs. 3 per maund by way of interest".

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—How does that work out?

Mr. Ram Lal.—These are the weavers who work on their own account and are not able to sell their goods straightaway in the market. The other class consists of weavers who work by arrangement with a shopkeeper or dealer who gives them the raw material and takes the finished goods after paying them. Then there are weavers who take money on loan and out of that money they purchase the raw material, produce their goods and as soon as they are able to sell the stuff, they pay back the money with interest. That is the class dealt with at pages 19-20.

Mr. Rahimtoola.—These people from whom loans are obtained are called sowcars.

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—About the Government loans, I find on page 21, that Government has spent on the hosiery industry Rs. 58,850.

Mr. Ram Lal.—That is in the way of loans under the Punjab Industrial Loans Act.

Mr. Rahimtoola.—What is the rate of interest?

Mr. Ram Lal.—One per cent. above the Government of India borrowing rate. We are, I think, charging $4\frac{1}{2}$ per cent. at present.

Mr. Rahimtoola.—Not the Imperial Bank of India rate?

Mr. Ram Lal.—No. One per cent. over the Government of India borrowing rate.

Mr. Rahimtoola.—Today it comes to 4½ per cent.

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—Rs. 29,000 to the weaving industry, is that a loan?

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—What does Government spend for the facilities which are enumerated in this answer altogether from the Government departments with regard to the demonstration, technical assistance and various other forms of assistance with regard to specialising.

Mr. Ram Lal.—I am unable to give the figures without reference to the budget, but it may be mentioned that the staff which help people on the woollen side also help on the cotton and silk sides. At present we have one party working exclusively in the Hissar district in connection with the wool spinning and weaving. The annual cost of that is about Rs. 8,000. We have another peripatetic party working at Haiderabad Mankera in Mianwali district. That is intended primarily for wool, but it does give some instruction in cotton also. The cost of it is Rs. 7,000 a year. We have in addition other technical staff. For instance, the Textile Inspector goes round the province and helps the people in solving their technical difficulties. We give training in the weaving of woollen goods alongside cotton goods in our institutions such as the Central Weaving Institute at Amritsar. We have in addition 10 Industrial Schools giving instruction in weaving. The Kulu School specialises in wool spinning and wool weaving.

Mr. Rahimtoola.—With regard to the demonstration you have pointed out that you are spending about Rs. 8,000.

Mr. Ram Lal.—Yes, in Hissar district.

Mr. Rahimtoola.—Does this mean money spent on the agricultural side of the industry with regard to the improvement of wool?

Mr. Ram Lal.—No. Improvement of wool is a function of the Veterinary Department. What we are doing is the utilisation of indigenous wool.

Mr. Rahimtoola.—That means you are spending about Rs. 20,000 or so per year on the weaving side?

Mr. Ram Lal.—Yes—on spinning and weaving sides.

Mr. Rahimtoola.—The Agricultural Department must be spending more.

Mr. Ram Lal.—Yes—very likely.

Mr. Rahimtoola.—Do you find any difficulty in getting your loans back?

Mr. Ram Lal.—We have not so far had to write off any loan given for this purpose.

Mr. Rahimtoola.—And you give them for a fixed period?

Mr. Ram Lal.—The maximum period is 10 years and the loan is repayable by yearly instalments generally.

Mr. Rahimtoola.—On page 21 you say that you have granted loans for the development of the wool weaving and hosiery industry. Do you make any examination of the applications submitted for loans. You say that in 1931-32, 4 people applied and the amount granted was Rs. 10,800. I only wanted to know whether what was asked for was given or a scrutiny made.

Mr. Ram Lal.—We give what is ordinarily asked for unless the demand is high.

Mr. Rahimtoola.—Does not the Department scrutinize?

Mr. Ram Lal.—Yes. We send the application to the expert to find out whether the demand is really genuine and will be helpful to the industry. If we find the application is frivolous and the amount is not likely to be spent for the purpose for which it is wanted, we don't give it.

Mr. Rahimtoola.—You say you are doing it both for cotton and woollen, but the woollen industry is more important in the Punjab than cotton or just half and half.

Mr. Ram Lal.—The weaving industry in the Punjab is the premier industry. It has the largest number of workers in it. At the present time, the larger proportion is engaged on the cotton side. The number of people on the woollen side is smaller. There is, however, greater scope on the woollen side, because on the cotton handloom side there is a strong competition from the mills which the people are unable to stand, whereas they can do better on the woollen side even with the existing competition from the mills.

Mr. Rahimtoola.—The principal thing which you have in view, when you are talking of the prosperity of the woollen side is the hosiery industry.

Mr. Ram Lal.—Yes, and there is also a great scope on the weaving side.

Mr. Rahimtoola.—There is no difficulty in disposing of the goods?

Mr. Ram Lal.—None at all.

Mr. Rahimtoola.—With regard to yarn, I would like to ask a few questions. I find the industry has used Indian yarn, Japanese yarn, English yarn and the Polish yarn and your opinion is that the Indian mills cannot produce yarns of finer counts.

Mr. Ram Lal.—Not without protection. The reason why the Indian yarn has been ousted is not that they cannot produce the right quality of yarn but that they have been driven out of the market by the cheaper yarn coming from outside.

Mr. Rahimtoola.—Have you seen the quality of the Indian yarn?

Mr. Ram Lal.—Yes. That is as good as the imported yarn?

Mr. Rahimtoola.—Is it as good as the imported yarn?

Mr. Ram Lal.—Yes—and it serves the purpose as well as the imported yarn.

Mr. Rahimtoola.—Formerly you were using Indian and Polish yarn?

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—I confine myself with regard to the quality of Indian yarn as to whether any defects were pointed out or whether any sufficient quantity was available when asked for.

Mr. Ram Lal.—I have not had any complaint against the quality of Indian yarn. It is the price factor which is responsible for driving it out of the market.

Mr. Rahimtoola.—Not because the mills were not able to supply the demand.

Mr. Ram Lal.—No.

Mr. Rahimtoola.—It is only from the point of view of price that they were driven out.

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—I suppose at present the hosiery industry is using merino yarn from Japan, because it happens to be better and cheaper.

Mr. Ram Lal.—Because it is cheaper.

President.—Have you had any complaints from the hosiery people that they have not been able to get their requirements from the Indian mills?

Mr. Ram Lal.—No.

President.—There are mills in Bombay. We have heard complaints that even the Dhariwal mills were unable or refused to supply the yarns which were wanted for various purposes by competitors with Dhariwal mills.

Mr. Ram Lal.—The Department of Industries has received no complaints.

President.—It has not been brought to your notice.

Mr. Ram Lal.—No.

Mr. Rahimtoola.—With regard to selling goods by the hosiery manufacturers, you point out that it is done by the travelling agents?

Mr. Ram Lal.—Yes to a large extent.

Mr. Rahimtoola.—And they pay the interest from $3\frac{1}{2}$ to 8 per cent.

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—Do the hosiery manufacturers pay also the travelling expenses of the agents over and above the interest?

Mr. Ram Lal.—They have to.

Mr. Rahimtoola.—The interest includes all expenses. The interest means 8 per cent. on the value of the goods?

Mr. Ram Lal.—Interest is on the money invested or borrowed.

Mr. Rahimtoola.—But what has the travelling agent to do with the money invested?

Mr. Ram Lal.—The expenses of the travelling agents will be over and above the interest. If they can sell the stuff on the spot, it is well and good, otherwise the travelling agents have to go round and sell the goods, and there is an additional expense.

Mr. Rahimtoola.—Are travelling agents independent persons? Are they not paid travelling expenses? You say the travelling agents are paid commission at rates varying from $3\frac{1}{2}$ to 8 per cent.

Mr. Ram Lal.—Sometimes the travelling agents are partners in the concern and sometimes they are servants. Commission is calculated on the price at which an article is sold.

Mr. Rahimtoola.—On the selling price?

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—The selling price includes $3\frac{1}{2}$ per cent. to 8 per cent. according to the material.

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—Over and above that he gets all his expenses.

Mr. Ram Lal.—Yes.

Mr. Rahimtoola.—Are you in favour of a duty on imported yarn?

Mr. Ram Lal.—Yes, provided there is a corresponding increase in the rate of duty on finished imported goods.

Mr. Rahimtoola.—With regard to the duty on raw wool?

Mr. Ram Lal.—I would let it come free for the time being at any rate, because wool tops from Australia will be useful to us until we are able—I do not know how long it will take us—to produce the very finest merino yarn sufficient to meet our requirements.

Mr. Rahimtoola.—You don't think that the duty would help the grower to grow better wool.

Mr. Ram Lal.—No. On the other hand the duty might place the mills which may aim at producing finer counts of yarn at a disadvantage.

Mr. Rahimtoola.—You think that by putting the duty on yarn, the Indian mills would be able to supply you all the yarn that is required for the hosiery industry in the Punjab and the quality which is required?

Mr. Ram Lal.—Yes. They should be able to do so.

Mr. Rahimtoola.—You have used the Indian yarn from the Raymond Woollen Mills?

Mr. Ram Lal.—Yes, and we have found it quite all right.

Mr. Rahimtoola.—With regard to the report which has been received from the Director of Veterinary Services, have you seen a copy of it?

Mr. Ram Lal.—Yes, but I was only a forwarding agency.

Mr. Rahimtoola.—I want to know the experience they have with regard to the merino rams imported from Australia.

Mr. Ram Lal.—I was shown round their Hissar Dale Farm the other day. I could not speak anything with authority, but I can tell you generally that they are producing good wools which we have ourselves used and found quite good in quality.

President.—Have you any idea of the quantity?

Mr. Ram Lal.—No.

Mr. Rahimtoola.—With regard to the knitting wool, I suppose Japan is again monopolising the market.

Mr. Ram Lal.—Yes, entirely. In the course of two years it has accomplished it.

Mr. Rahimtoola.—Have you got any views with regard to the quality of the Japanese yarn?

Mr. Ram Lal.—It is not very good in quality, but as it is cheap, people do not worry about quality.

Mr. Rahimtoola.—The quality is not good compared to the English yarn or compared to the Indian yarn.

Mr. Ram Lal.—No. The English yarn is more expensive and is used for superior kinds of hosiery goods. For such goods the present Japanese yarn is of no use, but the bulk of the hosiery goods produced in the Punjab is cheap.

Mr. Rahimtoola.—The merino yarn which is at present used is for finer quality of goods.

Mr. Ram Lal.—Yes, the quality of yarn so far sent by Japan into the market can be used for cheaper variety of goods.

Mr. Rahimtoola.—How do you compare it with Indian yarn?

Mr. Ram Lal.—I have not compared it myself—but I have been told by hosiery manufacturers that the Japanese yarn, was not very good, but that as it was very cheap, they found it profitable to use it.

Mr. Rahimtoola.—That I quite understand. I want to know whether the quality of Japanese yarn has been compared with Indian yarn and whether the quality of Japanese yarn is inferior to Indian yarn. I am not talking of price but of quality.

Mr. Ram Lal.—The hosiery manufacturers told me that the quality of Japanese yarn was no better but that they used it because it was cheaper.

Mr. Rahimtoola.—With regard to carpet yarn, where does it come from?

Mr. Ram Lal.—All locally spun—you don't require very superior kind of wool for that.

Mr. Rahimtoola.—With regard to the wages you have given on page 6, wages for women and children are Rs. 4 to Rs. 6 per mensem both with regard to cottages and factories not using power and using power, but in respect of male labour, I find there is a distinct difference between the two.

Mr. Ram Lal.—Yes—there is a difference. Women and children are required to work in connection with winding and filling up bobbins for which wages are low, and it makes no difference where they work. As regards men, their labour in different places has different value.

Mr. Rahimtoola.—I have been told the wages are the same.

Mr. Ram Lal.—No. Except for women and children who can only do light kind of work, i.e., winding and filling up bobbins.

Mr. Rahimtoola.—What are the ages of children employed?

Mr. Ram Lal.—Generally 12 and above.

Mr. Rahimtoola.—What do you call asans? Is it a kind of durrie?

Mr. Ram Lal.—It is a small kind of seat used to sit on while taking food or saying prayers—2' to 3' wide and 2' to 3' long. You might say it is half the size of a bed durrie.

Mr. Batheja.—Will you please refer to your covering letter, page 2? In the bottom line you refer to Indian made stuff. Do you mean all kinds of Indian stuff or only cottage stuff?

Mr. Ram Lal.—We have taken it more or less in a comprehensive form.

Mr. Batheja.—Including mill made goods?

Mr. Ram Lal.—Yes.

Mr. Batheja.—Will you please refer to the prices given on page 3, particularly to the prices of handspun and handwoven blankets. You have given these prices as ranging from Rs. 2 to Rs. 6 as compared to the Continental prices ranging from Rs. 6 to Rs. 12 per piece.

Mr. Ram Lal.—Yes.

Mr. Batheja.—That is not the class of imported blanket with which your handmade blanket competes

Mr. Ram Lal.—No. That is something coarser, not well finished.

Mr. Batheja.—The imported blanket is very much superior.

Mr. Ram Lal.—It is much better looking of course.

Mr. Batheja.—There are many cheaper imported rugs which compete.

Mr. Ram Lal.—Yes. Their look is always better. Ours are not so well finished.

Mr. Batheja.—If this imported variety costing Rs. 6 to Rs. 12 per piece is comparable with yours costing Rs. 2 to Rs. 6, then the handloom blanket is able to stand in competition.

Mr. Ram Lal.—No, this is the price at which we are producing by hand without reference to quality.

Mr. Batheja.—These imported qualities are not comparable with your Indian goods?

Mr. Ram Lal.—No.

Mr. Batheja.—On page 4, paragraph 7 of your covering letter, you say: "The increase in the standard rate of duty made last year, however, provided some relief to the local industry". What do you mean by that? You include the hosiery industry and the weaving industry.

Mr. Ram Lal.—It has reference to hosiery industry only.

Mr. Batheja.—Only hosiery?

Mr. Ram Lal.—Yes.

Mr. Batheja.—Does the hosiery industry require relief?

Mr. Ram Lal.—Yes, because the cheaper Japanese (pure as well as mixed) goods are coming into the market which are affecting our local industry very badly.

Mr. Batheja.—We have received some information from other sources showing that the industry particularly in the Punjab is making about 30 per cent. profit and now though the profits have been reduced, still they range round about 15 per cent. Will that be a correct statement?

Mr. Ram Lal.—I don't think so. There are people to whom I have given loans. I find they are unable to pay back on account of their losses. Last season was better. The previous winter was not so cold and the competition from Japan was very severe. The Swadeshi Manufacturing Company, the premier firm in Ludhiana in hosiery could not, for instance give a dividend of more than 6 per cent. if at all. Their last year's profits are practically negligible I am told.

Mr. Batheja.—They did declare a dividend of 6 per cent.

Mr. Ram Lal.—I don't know what they did. All I know is that they could not declare a big dividend. 30 per cent. is out of the question.

Mr. Batheja.—In giving the prices of hosiery products you still show a fair margin between the selling price and the cost price including overheads. You said in reply to my colleague that the cost price of hosiery goods included overheads.

Mr. Ram Lal.—Yes—but the margin of profit comes in when the whole lot is sold.

Mr. Batheja.—That shows the industry is making a profit.

Mr. Ram Lal.—Not much. The entire output was not sold in the season of 1933-34. In 1934-35 they have done better. Some firms were still running at a loss.

Mr. Batheja.—Yes, the inefficient firms or firms which are not properly organised, which have rushed like flies at honey, might have been making losses, but taking the industry as a whole, do you maintain that the industry is losing?

Mr. Ram Lal.—On the whole—yes. Our industry is not so well established that these things could be excluded from consideration. The hosiery industry is progressing rapidly but then there are the initial difficulties which we have to go through.

Mr. Batheja.—We have been trying to get costs of production from many hosiery concerns of the Punjab and so far we are not able to get any information and one reason which has been attributed to the silence is that probably the hosiery industry is flourishing and therefore it does not want to place the case before the Tariff Board.

Mr. Ram Lal.—Some people may like to keep their costs as trade secrets thinking that they will be used against them, but it is not fair to infer that this attitude is due to huge profits.

Mr. Batheja.—We have promised to treat them as confidential.

Mr. Ram Lal.—We sent a party to Hyderabad. For the first two months nobody would agree to come to receive training. Probably they thought that we had gone there to tax them. After two months when they knew that our intentions were good, and that we were not actually going to harm them, they came forward. The same mistaken notion may be pervading here.

Mr. Batheja.—I do notice that you had collected information about costs. How did you do it?

Mr. Ram Lal.—By individual enquiries. This is based on information furnished by manufacturers and dealers to the Industrial Surveyors.

Mr. Batheja.—Do you think that the information is one on which we can base our deductions?

Mr. Ram Lal.—I think they can be relied upon. One reason why the manufacturers are not able to give information readily is that they are generally unorganised and illiterate.

Mr. Batheja.—They seem to be organised. There are two Associations. There are intelligent men in the business.

Mr. Ram Lal.—Yes, they contain men who have been to Europe—but they are not effectively organised. The formation of associations is not every thing.

Mr. Batheja.—Speaking for myself I was impressed by the intelligence shown by the Punjab manufacturers. What sort of losses are the hosiery industry and the weaving industry incurring now? I am not talking of the Panipat industry or the Jalalpur Jattan industry. I am talking of the new type of industry which has been started by educated men in Amritsar.

Mr. Ram Lal.—You mean the hosiery industry.

Mr. Batheja.—Or the piece goods industry. We came across weaving factories which are turning out excellent stuff. What sort of losses are they making?

Mr. Ram Lal.—The losses are due to cheaper goods coming from Japan. I am now referring to the losses arising in the case of woven articles. In the Amritsar market which is of course the biggest import some goods had been sold below cost price by dealers because cheaper goods came from Japan and they wanted ready money to be in funds. The same would hold good of hosiery.

Mr. Batheja.—The cheaper goods coming from Japan are not pure wool articles and they are mostly mixtures and the competition, though it is, is not direct.

Mr. Ram Lal.—The reason is that they are so nice looking and so well finished and at the same time cheaper. Therefore they sell more readily.

Mr. Batheja.—The hosiery industry is contemplating manufacturing mixtures.

Mr. Ram Lal.—There is no move to my knowledge. What they are anxious to do is to take to the manufacture of cotton articles during the summer when they are not producing woollen goods.

Mr. Batheja.—Is there a technical difficulty in making mixture goods of wool and cotton?

Mr. Ram Lal.—No, but it may be noted that mixed yarns are not available in the market. We get pure yarn, either woollen or cotton, whereas the people who make mixed yarns for themselves don't like to sell them to others to avoid competition.

Mr. Batheja.—You have not given us a definite idea of the losses incurred by the industry in recent years.

Mr. Ram Lal.—That information not having been collected specifically, I could not guess anything on the matter. All I would say is that the hosiery industry is not on the whole a very paying proposition at the present time.

Mr. Batheja.—Some concerns may have suffered.

Mr. Ram Lal.—Yes—although I concede that that could not be helped in any industry.

Mr. Batheja.—Turning to your replies to the questionnaire, on page 1, you say "The power looms are primarily suitable for cotton weaving but are also utilised for the manufacture of woollen fabrics out of raffle yarn to cater for the local demand". Is there any difficulty experienced in turning looms to a different use?

Mr. Ram Lal.—No, not much.

Mr. Batheja.—Would efficiency improve with other types of looms?

Mr. Ram Lal.—The production may not be as good as in the case of cotton, but they can produce woollen goods all right.

Mr. Batheja.—Is the manufacturer who is utilising cotton looms for woollen manufacture at any disadvantage?

Mr. Ram Lal.—He can only produce certain varieties of cloth on those looms which are intended primarily for cotton. He cannot, for instance, produce tweeds or anything like that on them.

Mr. Batheja.—If he concentrated on fine weaving, there is no difficulty, is there?

Mr. Ram Lal.—Not much difficulty.

Mr. Rahimtoola.—It is entirely due to the seasonal character of the demand. The cotton and woollen looms are the same.

Mr. Ram Lal.—For fine woollen fabrics and cottons the same loom may serve the purpose.

Mr. Batheja.—Are these looms used for cotton?

Mr. Ram Lal.—Yes—originally they were employed entirely on cotton, but now they have taken to wool as well.

Mr. Batheja.—I want to be sure about the exact location of the places which you mention on page 6. Where is Hyderabad Mankera?

Mr. Ram Lal.—In Mianwali District.

Mr. Batheja.—Near Lahore?

Mr. Ram Lal.—No—In the west Punjab, adjoining the North-West Frontier Province.

Mr. Batheja.—Near Attock District?

Mr. Ram Lal.—They do not adjoin, but they are not very far.

Mr. Batheja.—Do they specialise in any type of goods?

Mr. Ram Lal.—They are producing *lois* and *lukars* and cheaper varieties of blankets. Only last season we helped these people in producing coarse cotton articles.

Mr. Batheja.—It is on the bank of the Indus, is it?

Mr. Ram Lal.—Yes—it is near it.

Mr. Batheja.—It is rather a desert country.

Mr. Ram Lal.—Yes.

Mr. Batheja.—Where is Qila Sobha Singh?

Mr. Ram Lal.—Near Sialkot.

Mr. Batheja.—Near Gujrat district?

Mr. Ram Lal.—Yes.

Mr. Batheja.—Is the type of production there the same as in Jalalpur Jattan?

Mr. Ram Lal.—Slightly different.

Mr. Batheja.—What do they manufacture?

Mr. Ram Lal.—Blankets and chaddars.

Mr. Batheja.—Where is Dhudial?

Mr. Ram Lal.—Near Jhelum.

Mr. Batheja.—Roughly the great centres are Kulu Valley, Panipat and the region round about Amritsar and Ludhiana and the region round about Gujrat?

Mr. Ram Lal.—Yes—Kulu, Panipat, Amritsar, Gujrat and Mianwali.

Mr. Batheja.—Multan specialises in cotton.

Mr. Ram Lal.—In cotton and silk. It is not very flourishing.

Mr. Batheja.—When you explained in reply to the President that the difference between what is received from the Mahajan and what is due to the Mahajan on his account constitutes his wages, I take it that it is something more than wages in the true sense of the word. He works at his own place. He uses his own capital, *i.e.*, his loom, however small the value of the capital may be. In the strict scientific term, it is more than wages.

Mr. Ram Lal.—Technically more than that.

Mr. Batheja.—In actual practice, it amounts to wages.

Mr. Ram Lal.—Yes—It amounts to wages of the family unit.

Mr. Batheja.—You have no idea of the number of taklis used in the Punjab?

Mr. Ram Lal.—No.

Mr. Batheja.—Not even a guess can you make?

Mr. Ram Lal.—I would not hazard even a guess. In the Kulu Valley every man and every woman use takli.

Mr. Batheja.—What is the efficiency of a takli as expressed in terms of output from charkha?

Mr. Ram Lal.—Charkha gives a better outturn whereas takli gives less production but it can be used everywhere.

Mr. Batheja.—How would a takli compare in output?

Mr. Ram Lal.—A takli will give you about half the output of a charkha.

Mr. Batheja.—And it will give you a coarser and uneven yarn?

Mr. Ram Lal.—It depends upon practice, but Charkha does better.

Mr. Batheja.—But takli is more convenient to carry?

Mr. Ram Lal.—Yes. I might mention that we are now introducing jeany's wheel and also the spinning wheel devised by Ganga Ram. The output of these wheels is much better than that of the charkha. The man who used to do one chitak a day before can now do 4 chitaks.

Mr. Batheja.—Do you think that in lower counts—lower qualities hand spinning is able to hold its own against mill spinning?

Mr. Ram Lal.—Yes.

Mr. Batheja.—How does it compare with mill yarn?

Mr. Ram Lal.—Handspun yarn is comparatively coarser and uneven.

Mr. Batheja.—You do not feel the need for mill spun yarn for blankets?

Mr. Ram Lal.—No—we can feed our looms with hand spun yarn but in order to produce superior blankets, it would be necessary to get superior mill yarn.

Mr. Batheja.—We understand from the United Provinces Government representatives that in some of the small factories set up by the students of the Technical Institute there was a definite demand for mill spun yarn for blankets.

Mr. Ram Lal.—That is because it is easier to obtain. We are trying to use our own handspun in our schools.

Mr. Batheja.—Shall I put it this way: if a young man of that type thought of setting up a factory on more or less commercial lines, he would not engage the members of his family and therefore he might feel the need for mill yarn, but in the case of the weaver who utilised the labour of his family then in his case handspun yarn is better.

Mr. Ram Lal.—To a large extent this is correct, but it should be borne in mind that in order to feed one loom you require 6 or 7 spinners, whereas from the mill you can get any quantity you require.

Mr. Batheja.—Any way there has not been any demand from the Punjab?

Mr. Ram Lal.—In fact Panipat has been able to send out some of its yarn to Mirzapur and one other place in the United Provinces, for carpets. Panipat is generally able to meet its local demand in coarse yarn.

Mr. Batheja.—This carpet yarn is not in demand in Amritsar and Multan?

Mr. Ram Lal.—Not much now. As a matter of fact in Multan the carpet industry has gone down because of the depression. In Amritsar handspun and mill yarns are used for carpets.

Mr. Batheja.—Is the carpet yarn required for the Multan industry produced locally?

Mr. Ram Lal.—Most of it.

Mr. Batheja.—Where is Nurpur?

Mr. Ram Lal.—It is in the Kangra district.

Mr. Batheja.—Coming to page 4, in reply to question 5 you say that in the manufacture of blankets, dhussa and lukars woollen warp and weft and also cotton warp and woollen weft are used. In reply to the President you said that this has been accentuated by the fall in prices.

Mr. Ram Lal.—That is so.

Mr. Batheja.—Is this used in dhushas and lukars?

Mr. Ram Lal.—Yes.

Mr. Batheja.—It is not used in blankets?

Mr. Ram Lal.—No. It is used mainly in dhushas.

Mr. Batheja.—By how much is the price lower if you use cotton warp?

Mr. Ram Lal.—The cost comes down considerably I think.

Mr. Batheja.—Does that make any difference in the selling price to enable them to compete better in the market against foreign goods?

Mr. Ram Lal.—At least it does enable them to keep their heads above water.

Mr. Batheja.—Has the tendency increased for the manufacture of this class of goods?

Mr. Ram Lal.—Yes—with increasing competition this tendency has increased.

Mr. Batheja.—What will be the difference between a garbi and a lukar containing cotton warp?

Mr. Ram Lal.—Warp does not change the name. It is really to get a cheaper chadar that cotton warp is used in these cheaper things. In some places they call it garbi and in others they call it lukar.

Mr. Batheja.—Considering that your keenest competition so far as blankets are concerned comes from Italian blankets made of wool and shoddy or from Polish blankets containing partly cotton and partly shoddy, do you think it worth while encouraging this class of mixtures?

Mr. Ram Lal.—No—I don't think it is desirable when it is found out, you get a bad name and the sales go down.

Mr. Batheja.—But the market prefers to buy Italian things which contain shoddy?

Mr. Ram Lal.—That is for their better appearance and attractive design.

Mr. Batheja.—Does the look become worse after using cotton warp?

Mr. Ram Lal.—Those people who have got better organisation manufacture things which look very much better but our things do not improve very much.

Mr. Batheja.—You as a Department of Industries in the Punjab would not encourage this kind of production?

Mr. Ram Lal.—I wouldn't. I am for purely woollen goods and that will keep the market longer.

Mr. Batheja.—I thought the main consideration for the poorer classes was the price?

Mr. Ram Lal.—The main consideration is to keep the cold away. As a matter of fact our products are entirely consumed in the Punjab.

Mr. Rahimtoola.—It is generally the lack of finish which is the greatest handicap to the industry?

Mr. Ram Lal.—Exactly.

Mr. Batheja.—Turning to page 10, in reply to the President you said that in the Fazilka market certain wools are sold as Joria and Vicanere, yellow and white. That implies some system of grading. Can you give us some idea of the grading adopted?

Mr. Ram Lal.—There is no real system of grading. The different varieties of wool are graded differently and are sold under their different trade names.

Mr. Batheja.—If it came up to the standard of, say, Vicanere they mark it as Vicanere?

Mr. Ram Lal.—Yes—If a wool is of Bikaner quality it is known as Bikaner, without regard to the place of its origin.

Mr. Batheja.—Is this wool suitable for worsted purposes?

Mr. Ram Lal.—Yes. With a certain mixing with Kulu wool it will do very well for worsteds. Superior Vicanere is by itself good enough for worsteds.

Mr. Batheja.—Will it be possible for you to give us some idea of the proportion of this wool in the Fazilka market, I mean Vicanere, Joria and other high class wools which are suitable for worsted purposes?

Mr. Ram Lal.—I will submit information about this later.

President.—Is the Kulu wool longer staple?

Mr. Ram Lal.—Yes.

President.—If it is long staple it is difficult to mix with shorter staple.

Mr. Ram Lal.—I am not a technical expert—but that is so.

Mr. Batheja.—How much wool will be available which will be suitable for the worsted section of the industry?

Mr. Ram Lal.—Quite substantial quantities will be available—Exact figures will be submitted later.

Mr. Batheja.—You have experience of the Fazilka market and your Government has made some experiments towards the improvement of wool. I should like to know how much superior wool would be available for worsted purposes in the next five years? Can't you consult the Veterinary Department?

Mr. Addyman.—Also the wool available from Tibet.

Mr. Ram Lal.—Quantities of wool brought by the land route from Tibet are not recorded accurately and completely anywhere and I am unable to say how much will be available within the next five years, but efforts are being made to increase the output.

President.—I would like you to give some estimate of the production in India of the superior types of wool which are generally known as Joria and Vicanere.

Mr. Ram Lal.—I will submit figures of these—superior wools including Kulu.

President.—Yes, because I understand that Kulu wool is as good as Vicanere wool.

Mr. Ram Lal.—In fact it is better.

Mr. Batheja.—You have given us the estimate of wool production in the Punjab; divide those figures into inferior and superior.

Mr. Ram Lal.—I will do that.

Mr. Batheja.—You have greater experience of the Fazilka market.

Mr. Ram Lal.—The main cheap qualities available in Fazilka are:—Par (lower quality), Ode, Ode local, White coarse, Bahawalpur wool, Dera, and the superior varieties are:—Bikaner, Bagar, Bikaner burry, Per (superior).

Mr. Batheja.—That won't convey to us any idea because these trade names would not tell us which is suitable for inferior goods or superior goods. If you could give us the information in the form of a statement we shall be obliged.

Mr. Ram Lal.—I will give it.

Mr. Batheja.—Is it your impression that some good wool is wasted because much of it is mixed with inferior quality of wool?

Mr. Ram Lal.—Yes—There is a certain amount of wastage due to that and due to ignorance.

Mr. Batheja.—Shall we be able to get a better supply of the better quality of wool if there was better sorting and grading?

Mr. Ram Lal.—Yes.

Mr. Batheja.—Is it the intention of the Veterinary Department of the Punjab to take up this matter to get better prices for better quality of wool?

Mr. Ram Lal.—Nobody has done much in the way of grading. I do not know what the Agricultural Research Council has done in the matter of wool. I got an enquiry from them last year and we gave them rough figures of wool imported and exported but nothing seems to have been done in the matter. In fact there is no agency to look into it. If the Agricultural Council set up an agency for this purpose, it would be a good thing.

Mr. Batheja.—On page 11 you say "In towns the factories and cottage workers employ both Indian mill made and imported yarns". Can you give us any idea of the proportion?

Mr. Ram Lal.—We have not got that information because that is not recorded separately by anybody.

Mr. Batheja.—On pages 17 and 18 you have been good enough to give cost prices and selling prices of the articles produced in the Punjab. Will

it be possible for you to give us further details of cost prices under the following heads:—

- (1) Raw materials,
- (2) Wages,
- (3) Interest and selling charges,
- (4) Other charges.

That means the cost price may be broken up into these heads.

Mr. Ram Lal.—I will do that.

Mr. Batheja.—The information may be supplied separately for yarn as a separate commodity and then give us for Panipat blankets, Jalalpur Jattan dhussas and chaddars. These are the three typical cottage products.

Mr. Ram Lal.—Very well.

Mr. Batheja.—As regards the prices of hosiery products given by you on page 16, we are in a difficulty, because we haven't got an analysis of costs from any hosiery factory in the Punjab.

Mr. Ram Lal.—Do you want further analysis?

Mr. Batheja.—Since you advance loans you are in a position to collect more information.

Mr. Ram Lal.—I shall do that.

Mr. Batheja.—If you can give information under the heads which have been mentioned in the hosiery questionnaire, it would be useful.

Mr. Ram Lal.—Yes. I will do so.

Mr. Batheja.—I would like these costs for the latest year.

Mr. Ram Lal.—Very well.

Mr. Batheja.—So that we may compare your costs with others.

Mr. Ram Lal.—Very well.

Mr. Batheja.—For socks, stockings and pullovers you must have gathered a good deal of information for purposes of this statement.

Mr. Ram Lal.—Yes.

Mr. Batheja.—You need not take the costs at all centres. Ludhiana will suffice.

Mr. Ram Lal.—Very well.

Mr. Batheja.—You say you are not opposed to a duty on foreign yarn if some compensation is given in the shape of higher duty on hosiery goods.

Mr. Ram Lal.—Yes—with a corresponding increase in duty on finished goods.

Mr. Batheja.—Then you express opposition to a duty on wool tops?

Mr. Ram Lal.—Yes—I do.

Mr. Batheja.—Suppose a similar compensation was given to you in the shape of a duty on finished goods, would you still oppose?

Mr. Ram Lal.—The wool tops rank as raw material. I would not in the present state of the industry propose a duty on raw wool and wool tops.

Mr. Batheja.—You said in reply to a question from my colleagues that there is no incentive to grading, sorting and improvement of Indian wool. We are told that in some places in India the yield obtained by a sheep grower on his wool—I am not talking of mutton—is only half an anna per year per sheep.

Mr. Ram Lal.—That may be so.

Mr. Batheja.—That is not attractive.

Mr. Ram Lal.—The wool top we import will not be of the variety grown in India. It is a superior variety from Australia which no country working on wool can keep out.

Mr. Batheja.—What are the incentives for the improvement of Indian wool in Fazilka if the Indian wool is depressed.

Mr. Ram Lal.—Until you create a definite market for superior wool—no one will grow it. At the same time if our men grow superior variety of wool, they can put it in the market much cheaper than Australia, but till that time comes, I would not put the industry at a disadvantage.

Mr. Batheja.—Yarn is a raw material of the hosiery industry.

Mr. Ram Lal.—No. Yarn is a semi-finished product. For my part I would manufacture and send out yarn instead of wool.

Mr. Batheja.—You say some coarse yarn is used by the Sports Goods industry at Sialkot.

Mr. Ram Lal.—Yes—That is locally spun coarse yarn.

Mr. Addyman.—On page 3 of your covering letter I find there is no reference to tweeds from Italy. The impression I have gathered is Italian tweeds enjoy a very large market in the Punjab.

Mr. Ram Lal.—When we collected the figures we didn't find the Italian tweeds enjoying a prominent position.

Mr. Addyman.—Would you make further enquiries on that question?

Mr. Ram Lal.—Very well.

Mr. Addyman.—In the next column you refer to mill made blankets which are chiefly in demand. For Indian mill made blankets the price is between Rs. 8 and Rs. 20.

Mr. Ram Lal.—Yes.

Mr. Addyman.—You think that is correct. It would be nearer to say between Rs. 5 and Rs. 8.

Mr. Ram Lal.—No.—We are quoting the prices as obtained in the Amritsar market. Amritsar is the chief distributing centre.

Mr. Addyman.—My personal impression is that blankets costing between Rs. 5 and Rs. 8 are in great demand in the Punjab rather than between Rs. 8 and Rs. 20.

Mr. Ram Lal.—Yes—but I speak of the prices as obtaining in the market of Amritsar.

Mr. Addyman.—In question 1, you stated that the hosiery factories manufacture woollen goods from July to November. We saw in the middle of December hosiery factories in Ludhiana were very active.

Mr. Ram Lal.—Last year was an exceptional year because of the cold wave which came in rather late in the season. In the winter of 1933-34 there was no demand to justify manufacture in December.

Mr. Addyman.—Last year was an exceptional year?

Mr. Ram Lal.—Yes.

Mr. Addyman.—Then from July to November is on the average correct?

Mr. Ram Lal.—Yes.

Mr. Addyman.—Will you kindly refer to your subsequent letter dated 5th February, question 1, where you say: "The variations in capital investment per loom at different stations are due to the nature of fabrics produced". Jalalpur Jattan uses costly yarn than Panipat. The higher investment per loom you attribute to the fact that weaving of blankets continues throughout the year.

Mr. Ram Lal.—Yes.

Mr. Addyman.—I understand you to say this morning that the weaving in Jalalpur Jattan continues throughout the year.

Mr. Ram Lal.—Yes—for the main part.

Mr. Addyman.—Then the position is still not clear to me why the capital should be Rs. 400 in Panipat and Rs. 250 in Jalalpur Jattan in view of the fact that your average cost of yarn cannot be less than Rs. 2 per lb. but in Panipat it is not more than 8 or 9 annas per lb.

Mr. Ram Lal.—In Panipat the man has to invest in wool to meet his requirements of yarn spinning over a larger period. In Jalalpur Jattan he can buy yarn from the local market for day to day requirements.

Mr. Batheja.—More working capital is required in Panipat.

Mr. Ram Lal.—Yes, because of the necessity of investment in wool for yarn.

Mr. Addyman.—In statement C and D the working capital at Ludhiana is put at Rs. 26 lakhs. Statement B, capital invested in machinery is about Rs. 8 to Rs. 9 lakhs. The total investment including working capital is Rs. 35 lakhs. That leaves Rs. 26 lakhs working capital. That struck me as being extraordinarily high for Rs. 9 lakhs invested in machinery.

Mr. Ram Lal.—I suppose most of the people in Ludhiana buy their requirements of yarn at the time when the market is really in a favourable position. If they wait and the market goes up, they lose. Some times in July and August when they book orders, they buy yarn against those orders; otherwise if the yarn prices go up, they will be ruined. Suppose I get an order, I would at once enquire the price of yarn and buy it to meet my commitments.

Mr. Addyman.—Are the figures taken from Ludhiana dealers?

Mr. Ram Lal.—Yes.

Mr. Addyman.—Statement E on page 3 of your replies to the questionnaire shows the number of carpet looms in Multan and Statement V, on page 5 shows the number of workers engaged in carpet manufacture. The investment in the carpet industry at Multan works out at Rs. 83-4 per loom and also one employee per loom. Would the capital invested in carpet loom be higher than Rs. 83?

Mr. Ram Lal.—Rs. 83 is correct. Actually the carpet work in Multan is going down. There is no demand except for asans and there is no organisation to push their stuff.

Mr. Addyman.—Coming to statement C, question 10, page 16, Ludhiana possesses 2,000 knitting machines and produces 500,000 lbs. which is equal to 250 lbs. per machine per year.

Mr. Ram Lal.—Yes.

Mr. Addyman.—Lahore produces 547 lbs. per year. Will you explain the reason for the difference in production between Ludhiana and Lahore?

Mr. Ram Lal.—I will get you the figures.

Mr. Addyman.—In statement D, on page 8, showing the knitting machines installed in hosiery factories, you have given 2,000 machines both hand and power driven at Ludhiana. If you divide the total quantity produced given on page 16, viz., 500,000 lbs. by the number of machines, it works out to 250 lbs. a year. But in the case of Lahore it comes to 547 lbs.

Mr. Ram Lal.—The reason is at Ludhiana all the factories are not worked by power, whereas at Lahore they are worked by power and there are more efficient people employing more efficient machinery.

Mr. Addyman.—250 lbs. appears to me to be an extremely low production per year.

President.—Lahore consumed 110,000 lbs. of yarn.

Mr. Ram Lal.—Most of the factories in Ludhiana are worked by hand and those worked by power form about one third of the total number.

President.—That will account for the use of the yarn. You say that the waste in hosiery is 25 to 30 per cent., so that it is impossible to produce 105,000 lbs. of finished goods from 110,000 lbs. of yarn. Either 105,000 or 110,000 is wrong.

Mr. Ram Lal.—I shall make further enquiries and let you know.

President.—They have obviously not made enough allowance for waste.

Mr. Ram Lal.—Very likely.

Mr. Addyman.—Again on page 12, the weight produced against yarn used shows an yield of 66 $\frac{2}{3}$ per cent. at Ludhiana. You confirm that in your

subsequent letter, although I feel it is somewhat on the heavy side, but at Lahore the yield is 95½ per cent. and at Sialkot as much as 94 per cent.

Mr. Ram Lal.—Yes.

Mr. Addyman.—Could you tell us the highest and lowest price paid for wool in Haiderabad Mankera? The reason why I ask is that when you come to yarn prices, you state that they vary from 12 annas to Rs. 1-8, but the average price of wool is only 7 annas. We would like to know why there is such a wide difference in prices?

Mr. Ram Lal.—The coarser the yarn, the less is the price, irrespective of quality of wool.

Mr. Addyman.—What were the lowest and highest prices paid?

Mr. Ram Lal.—7 annas per lb. of wool is the general price.

Mr. Addyman.—The same position appears to obtain at Dhudial.

Mr. Ram Lal.—The representative price has been taken. In villages there is no grading and no variations in prices.

Mr. Addyman.—The wool price is 4 annas to 4 annas 6 pies whereas yarn prices vary from 12 annas to Rs. 1-4.

Mr. Ram Lal.—Price is again regulated here by the quality of yarn.

Mr. Batheja.—Is Pashmina wool included in it?

Mr. Ram Lal.—No.

Mr. Addyman.—There is only one more question I want to ask and that is about your reply to question 8 on page 12. I have been trying to reconcile your figures of consumption of yarn with the figures of production both handweaving and hosiery. I am sorry I cannot reconcile them at all. On page 12, you give the yarn consumed as follows:—

Weaving industry	2,048,000 lbs.
Hosiery	1,052,400 „
Total consumption	3,100,400 „

On page 16, you give figures of finished goods produced:—

Weaving side	2,604,000 „
Hosiery side	756,900 „
Total	3,360,900 „

which is 260,500 lbs. in excess of yarn consumed. It is difficult to reconcile. I have tried to arrive at it in another way by separating hosiery and weaving. I think the average yield in hosiery is 72 per cent. Coming to weaving there is this excess of goods produced over yarn consumed. It may be to some extent accounted for by the 7 lakhs.

President.—The latest figures are 19 lakhs of lbs. of output and 20½ lakhs of yarn.

Mr. Addyman.—In connection with your looms engaged in production statement C on page 8 shows the number of power and handlooms, and if you divide the total production by the number of looms, it works out to 18 oz. per loom per day.

Mr. Ram Lal.—Yes.

Mr. Addyman.—That is taking 300 days a year.

Mr. Ram Lal.—They don't work all the year round.

Mr. Addyman.—Suppose you reduce it to six months or 150 days, it comes to only 36 oz.

Mr. Ram Lal.—We really could not say that each loom is actively in use all the year round or even 6 months in a year. Some times the loom is working and sometimes not.

Mr. Addyman.—The production of 18 oz. or even 36 oz. per loom per day appears to be very low.

Mr. Ram Lal.—It may be slightly more than that, because some looms may be working for 6 months and some even less, but we must consider the handloom and not be guided by the power loom whose production must be higher.

President.—I understand you to say that you had no difficulty in disposing of handloom products in spite of the competition?

Mr. Ram Lal.—No.

President.—Are you referring to the coarse hand-woven cloth?

Mr. Ram Lal.—Whatever is produced is sold. Beyond that, we have not gone.

President.—Do you mean that the hand woven cloth can always be sold in spite of the competition from the mill made cloth?

Mr. Ram Lal.—Yes—but at very small profit. The coarser cloth is sold to people who use cheaper things.

President.—I just want to get at the facts. To-day there is a market for hand-woven cloth at a fairly remunerative price.

Mr. Ram Lal.—There is a market, though I cannot say a very profitable one but with a slight improvement in finish our goods will sell better and in a wider market.

President.—Is that a special market or is that the same market in which the mills compete? Do people buy hand made cloth because it is hand made?

Mr. Ram Lal.—No. The unfinished blankets are cheaper and purchased by poor people. People who buy the imported blankets buy them because they look better.

President.—I can understand the blanket market, but what about your market for tweeds and coarse cloths? On page 18, you give the selling price of woollen coarse cloth as Rs. 1-2 to Rs. 1-6. Does that compare favourably with the cheap shoddy cloths which are coming in from Poland and Italy?

Mr. Ram Lal.—Ours is pure woollen cloth, but is not as well finished. It does not compare favourably in appearance and feel.

President.—And the prices are about the same or a little more?

Mr. Ram Lal.—Slightly lower.

President.—Some of the imported cloths, we are told, are sold at less than a rupee.

Mr. Ram Lal.—Do you mean the shirting cloth coming from Japan?

President.—I mean the heavy shoddy cloths. What is the cheapest price?

Mr. Ram Lal.—What really comes in competition with the local product sells at about Rs. 1-8.

Mr. Addyman.—Is it of the same width?

Mr. Ram Lal.—I cannot say anything definitely about the width, but I think it is slightly less.

Mr. Addyman.—The cloth selling at Rs. 1-2 will become Rs. 2-4 per yard in 54".

Mr. Ram Lal.—Yes—if double in width. Tweeds are also produced at Rs. 1-4.

Mr. Addyman.—Four tweeds are of narrow width.

Mr. Ram Lal.—Yes—but they are now large enough to work on big looms.

President.—Is it your opinion that the sort of cloth which is hand made can hold its own? More or less, it will always have a market?

Mr. Ram Lal.—I am sure that it will have a market, provided something is done to improve the finish. In fact, people prefer to buy it because it is much warmer.

President.—Compared with the mill made cloth, is there going to be great competition? Supposing some protection is granted to the mill industry, is there going to be great competition in that cloth?

Mr. Ram Lal.—There will be a certain amount of competition, but wool is the one industry which is not yet overcapitalised. My own view is that the handloom worker will be able to hold his own and make a living out of it.

Mr. Rahimtoola.—What are your proposals for helping the handloom industry? Do you think it needs any special help?

Mr. Ram Lal.—Yes—I would increase the rate of duty on the goods imported from outside.

Mr. Rahimtoola.—But supposing that is done, is that all the help that the handloom weaver wants?

Mr. Ram Lal.—What further I think is required is that if some portion of the money thus raised is given to help the handloom industry that would be very good indeed. The local Governments find it rather difficult to find all the money required to help the industry. If protection and help are given I think a large number of people will be able to make a living out of it. Assistance is needed in carding, finishing, designs and weaving on improved looms.

Mr. Batheja.—Is it a fact that the handloom weaver is able to sell his products because he has no option but to sell it at any price he gets?

Mr. Ram Lal.—Yes—That holds true of all small scale individual hand workers.

Mr. Batheja.—The real test is, is the handloom weaver able to sell his output at diminishing rates of wages or not?

Mr. Ram Lal.—He sells it at whatever price he can get. He has no other alternative.

Mr. Batheja.—At a price you can sell anything.

Mr. Ram Lal.—Yes but there is a scope to get a better return.

Mr. Batheja.—That is why I want to know whether his wage is diminishing or not.

Mr. Ram Lal.—The wages of weavers and spinners are diminishing but with assistance there can be an improvement.

President.—Is it your impression that the woollen weaver is in a better economic condition than the cotton handloom weaver?

Mr. Ram Lal.—I think he is in about the same position at the present time but there are greater potentialities on the woollen side than on the cotton side of the handloom weaving industry.

BRADFORD CHAMBER OF COMMERCE, BRADFORD, UNITED KINGDOM.

Evidence of Mr. A. H. SPINK recorded at Mahabaleshwar on Tuesday, the 16th April, 1935.

President.—I understand, Mr. Spink, that you represent the Bradford Chamber of Commerce and that Mr. Moss is here to assist you with his knowledge of conditions in India.

Mr. Spink.—That is so.

President.—We have had representations also from the Wool Textile Delegation of the United Kingdom and from the National Federation of Hosiery Manufacturers' Associations of the United Kingdom. Do you in any way represent either of these bodies?

Mr. Spink.—I have no instructions from either.

President.—That means you are entitled to speak on behalf of the Bradford Chamber of Commerce only?

Mr. Spink.—Exactly.

President.—I take it, however, that you won't object if I ask you a few questions which arise from points which have been put to us in their representation and which I think you may be able to answer.

Mr. Spink.—I shall be pleased to answer any questions I can, subject of course to the above limitations.

Mr. Rahimtoola.—In answering such questions, you will be speaking only in your personal capacity and not as representing the Wool Textile Delegation.

Mr. Spink.—Only on behalf of the Bradford Chamber of Commerce or otherwise in an individual capacity

Mr. Rahimtoola.—I don't think you have followed the question. The President wishes to ask you a few questions arising out of the memoranda which have been submitted to the Tariff Board by the Wool Textile Delegation and the National Federation of Hosiery Manufacturers' Associations of the United Kingdom and I take it that the views which you will be expressing on the points raised by them will be your personal views.

Mr. Spink.—That is so.

Mr. Rahimtoola.—And not the views of those bodies?

Mr. Spink.—No.

Mr. Batheja.—You have received no instructions either from the Wool Textile Delegation or from the Huddersfield Chamber of Commerce or from the National Federation?

Mr. Spink.—I have received no instructions except from the Bradford Chamber of Commerce. I might add that the Bradford Chamber of Commerce represent a large proportion of the woollen industry in the United Kingdom. They consist of not only spinners and manufacturers but also merchants.

Mr. Addyman.—Are there any of the Huddersfield firms also members of the Bradford Chamber of Commerce?

Mr. Spink.—Some of them are.

Mr. Batheja.—The Bradford woollen manufacturers are influential and important members of the Wool Textile Delegation?

Mr. Spink.—That is so. Some of them.

Mr. Rahimtoola.—I wonder whether your attention has been called to the letter which has been received in this connection in which it is stated that they expect you also to give evidence on behalf of the Wool Textile

Delegation. In a letter enclosing copies of the memorandum of evidence submitted by the Wool Textile Delegation we are told that further memoranda will be submitted from the Bradford Chamber of Commerce and from the National Federation of Hosiery Manufacturers' Association. The letter from the Bradford Chamber of Commerce states: "This concludes the written evidence which you are likely to receive from the United Kingdom woollen interests".

President.—Perhaps it would be better if I finish my points. I would put it like this. The representation from the Wool Textile Delegation and the Huddersfield Chamber of Commerce was prepared without reference to the Bradford Chamber of Commerce?

Mr. Spink.—It was.

President.—But I notice that the Bradford Chamber of Commerce's representation starts off with the heading "Complementary statement by the Bradford Chamber of Commerce to the Chairman and Members of the Indian Tariff Board". Does that mean that the Bradford Chamber of Commerce accepted the Huddersfield representation?

Mr. Spink.—It means that they do not agree with it entirely; it is simply a question of differentiating between the measures to be taken.

President.—Can we take it that the interests of the Associations are identical in your opinion?

Mr. Spink.—Yes.

President.—Are many members of the Bradford Chamber of Commerce directly interested in the Indian trade?

Mr. Spink.—Very many.

President.—Does the Huddersfield Chamber represent a different type of product?

Mr. Spink.—Not altogether.

President.—They are both interested in the export of woollen piecegoods, are they not?

Mr. Spink.—Yes, but the Huddersfield manufacturers do not ship direct to any extent. A great deal of their business is done through the Bradford merchant houses.

President.—The first question I should like to ask you is whether you can give us figures to illustrate the relative importance of the Indian market to exporters in the United Kingdom. Has the relative importance of the Indian market changed since the war?

Mr. Spink.—It has changed considerably for the worse.

President.—I am not referring now to the volume of trade but to the relative importance of India in the export markets of the United Kingdom. Has the proportion changed or are they sending less goods to India now in proportion than they were before?

Mr. Spink.—Far less.

President.—So that to-day the Indian market has ceased to be of the same importance—I don't want to put it that way because I don't want to be misinterpreted. It has ceased to have the same proportion of exports from the United Kingdom that it used to have.

Mr. Spink.—The exports to India have been decreasing steadily since the war.

President.—In greater proportion than to the other parts of the world?

Mr. Spink.—That is so. "It is significant that this decline is much more marked than in the case of similar British exports to foreign markets over the same period".

President.—Where are you reading from?

Mr. Spink.—Our statement of the case.

President.—Whereabout is it?

Mr. Spink.—Paragraph IV.

President.—In the statement you have just given me, the total volume of exports to India in 1930 is put at 2·71 million square yards. That figure differs from the figure given in the United Kingdom returns. The figures in the United Kingdom statistics are also in square yards, but their figures must include some figures which are not included here. Are there any figures to be added? Presumably your statement covers everything.

Mr. Spink.—I think so.

President.—These figures don't correspond, do they? I see there are other figures to be added. In 1930, the exports to India amounted to (1,735,000+973,000) about 2·7 million sq. yards.

Mr. Spink.—Yes.

President.—In 1931, they came to (1,150,000+300,000) 1,450,000 sq. yards.

Mr. Spink.—That is about 1·46 million sq. yards.

President.—In 1932, the figure was (2 millions+1 million) about 3 million sq. yards.

Mr. Spink.—Yes. Here it is given as 3·16 million sq. yards.

President.—Can you tell me what proportion these totals bear to the total figures?

Mr. Spink.—I have not got those figures.

President.—They are given at the bottom of these returns. These returns give the total exports from the United Kingdom to various countries. Give the total exports for these 3 years.

Mr. Spink.—1930—113·752 million sq. yards, 1931—86·100 million sq. yards and 1932—81·825 million sq. yards.

President.—The figures for 1932 show a certain recovery of the Indian market. The proportion is much higher than it was in 1930. Is that not so?

Mr. Spink.—It all depends on what one means by recovery.

President.—I mean by recovery that the proportion of 3 to 80 in 1932 is much greater than the proportion of 2·7 to 113 in 1930.

Mr. Spink.—Yes.

President.—So that there has been to that extent a recovery?

Mr. Spink.—That is quite true.

President.—Can you give me an idea as to what the proportion was before the war? That you are not able to do at present I think.

Mr. Spink.—I can only give you the shipments to India.

President.—The figures of total exports to India from the United Kingdom in 1913 were 21·5 million square yards. Will you, if you can, forward to us as soon as you get back to Bombay the total exports from the United Kingdom to all countries in 1913?

Mr. Spink.—Yes.

President.—Do you remember, Mr. Spink, what happened to the British trade in India in woollens in the year 1920? At that time you may remember the Rupee exchange was very unsettled; the rupee went up to about half a crown or higher and there was good deal of speculation in stocks of woollen piecegoods and other things. The imports of piecegoods from the United Kingdom in that year suddenly went up from 3 million yards to 9½ million yards and fell again in the following year to 1,500,000. There was an extraordinary increase in one year only. I wonder if you could tell us anything about that?

Mr. Spink.—This factor was operating before 1920: it was operating in 1919.

President.—You mean these fluctuations in exchange?

Mr. Spink.—This speculating in piecegoods.

President.—Does that mean that the importers of British goods were in that year tremendously overstocked? I will give you the figures from 1918.

1918-19—4½ million yds.

1919-20—3 million yds.

1920-21—9½ million yds.

1921-22—1½ million yds.

1922-23—1,780,000.

Then they resumed their normal figure of about 4 millions. In the two years following 1920 the imports remained very low. It seems to indicate that the 9 millions taken in 1920 were excessive.

Mr. Spink.—There was some anxiety as to whether the British manufacturers would be able to supply the requirements about that time and the result was that the market over-bought. This state of affairs was not confined to India alone.

President.—The whole world was anxious to get stocks in?

Mr. Spink.—The whole world was over-buying.

President.—I do not want to lay great stress on this, but I only want to point out that probably the figures for these three years are abnormal and will have to be averaged up to obtain what the normal range of imports was over that period.

Mr. Spink.—1913 we consider to be a normal year.

President.—The figures for 1913 you consider to be normal as far as exports before the war were concerned?

Mr. Spink.—Yes.

Mr. Addyman.—Do you remember in 1920-21 when these huge imports arrived in India a very large percentage was not taken up by the dealers?

Mr. Spink.—That is so; shippers made tremendous losses.

President.—What happened to the goods: were they re-shipped?

Mr. Spink.—They were disposed of gradually at tremendous losses.

President.—I understand that the English practice in the manufacture of woollen goods differs considerably from the practice followed in India, where with the exception of two or three mills which confine themselves to the production of woollen yarns and woollen textiles, the rest of the mills both spin woollen and worsted and make woollen and worsted fabrics and they dye and finish their own materials. That combination of processes, I understand, is very unusual in the United Kingdom?

Mr. Spink.—Many manufacturers have their own spinning plant.

President.—In both worsted and woollens?

Mr. Spink.—In worsted yarns.

President.—The combination of woollen and worsted is unusual?

Mr. Spink.—Most unusual.

President.—And dyeing and finishing is usually a specialised industry?

Mr. Spink.—It all depends on the class of article. In tweeds for instance most of the finishing is done in the mill itself; in worsteds it is more generally done as a specialised process.

President.—In the same way top making for worsted spinning is usually done by separate organisations and not by the worsted mills?

Mr. Spink.—I am afraid I can't answer any question on top making.

President.—The spinners do not make their own tops, do they?

Mr. Spink.—Generally not. This is done by topmakers.

President.—There is a world wide top market?

Mr. Spink.—That is so.

President.—Those tops would be made as a separate industry and not by people for their own spinning purposes?

Mr. Spink.—That is so, generally.

President.—Do you know anything about the English shoddy market, I mean by that the manufacture of goods from shoddy, recovered wool and so on. Is that a specialised industry?

Mr. Spink.—It is a specialised industry. I am not aware of the technique.

President.—My question does not relate to the technique of the industry but rather to whether it is confined to a separate organisation or whether woollen mills who make pure woollen goods also make shoddy woollen goods?

Mr. Spink.—Mills making pure woollen goods also make shoddy goods.

President.—It is not a distinct industry. What you call the heavy woollen industry of Yorkshire makes also shoddy goods?

Mr. Spink.—It is a separate section of the trade as a whole but as far as I know woollen goods and shoddy goods are made by the same manufacturer in the same mill.

President.—You have got a copy of the Woollen Textile Delegation's representation, have you?

Mr. Spink.—Yes.

President.—I will not go through it in great detail but I have one or two points which I should like to be cleared up. On page 1 in the last paragraph they say "According to information in our possession the Indian wool textile industry is not large enough nor varied enough to supply the requirements of India's population". The fact probably is that on the woollen side of the industry the Indian mills are probably capable of supplying the great bulk of the market.

Mr. Spink.—That of course is only one side of the industry.

President.—Yes. On the worsted side of the industry I regret to say our information is much less detailed. It is probably true to say that the woollen textile industry is not varied enough but I only wish to point out that there is possibly some misapprehension about the size of the industry in India as a whole on the part of the United Kingdom manufacturers. The statistics are very inadequate, I admit, but the Indian industry is a little more extensive than it is believed by them.

Mr. Spink.—We don't come across any competition at all from Indian manufacturers, particularly in better class worsted styles, and in the better class of mixtures as well there is not much competition. So we take it that they are not making them.

President.—I think that is probably true. But I was referring rather to what we believe to be the capacity than the actual output of the mills. Judging from the number of spindles and looms in India, they should be able to turn out in volume a far bigger output than they do to-day. Whether that is a practical proposition or not is a different matter. There is such tremendous range of woollen goods, some of which are not at present manufactured by the Indian industry at all that this assertion is probably true to-day, but there is a little difference between that and the capacity of the industry.

Mr. Spink.—That is so; they may have a big capacity but they may not be able to make certain kinds which the country requires.

President.—Are you in a position to give us any details about the lines in which you believe the Indian mills do not compete to-day?

Mr. Spink.—Mostly worsteds and many types of all wool cloths, tropical suiting and the better class of worsted suitings.

President.—In none of these you think the Indian industry does at present compete: by that do you mean that they cannot produce goods of comparable quality?

Mr. Spink.—By that I mean we have not come up against competition from the Indian mills.

Mr. Batheja.—Does it mean that they cannot produce these at the price at which you are able to place them on the market in India or do you think that they cannot produce these qualities at all?

Mr. Spink.—They have not produced them.

Mr. Batheja.—It is quite possible they may not be able to produce at the price at which you sell in India or do you mean that they cannot produce them at all?

Mr. Spink.—I think if they could produce them, they would produce them. I think in very fine counts India is not quite sufficiently advanced to produce these goods.

Mr. Batheja.—Is there any technical difficulty?

Mr. Spink.—That I cannot answer.

Mr. Batheja.—They may argue that given sufficient protection they may be able to produce all these qualities?

Mr. Spink.—Have the Indian mills given any proof that they can do that?

Mr. Batheja.—They claim that they can at a price.

President.—These are all lines in which the Japanese are competing?

Mr. Spink.—Yes. I have samples here of all the lines I have mentioned.

President.—Have you the prices of the Japanese goods as compared with your own prices?

Mr. Spink.—I have them (handed in).

President.—Do these prices relate to samples that you have?

Mr. Spink.—Yes. I have many more samples.

President.—Do these comparative prices relate, in your opinion, to goods which are more or less identical?

Mr. Spink.—Identical. These are exact quotations for the qualities which were originally British qualities.

President.—And which have been copied by the Japanese?

Mr. Spink.—Absolutely copied.

President.—I think while we are on this question, you might show us these samples.

Mr. Spink.—Yes. (Samples were shown.)

President.—They are marked 'A to K'.

Mr. Spink.—I haven't got samples of all classes, but I have samples of those qualities for which prices have been given.

President.—Are these your own samples?

Mr. Spink.—These are Japanese samples.

President.—You have not got your own?

Mr. Spink.—No, I have not. I have United Kingdom prices for these samples.

President.—We can take it that these samples are sufficiently close to your own samples to deceive the layman in weaving and everything.

Mr. Spink.—Yes.

President.—'C' is that called a serge?

Mr. Spink.—Our technical name is an Imperial, otherwise a very fine serge.

President.—Do you call these tropical suitings?

Mr. Spink.—Yes with the exception of the blazer cloth.

President.—Some of these are mixtures, aren't they?

Mr. Spink.—Yes. (Samples of Japanese cloths with invoices handed in.)

President.—Many of these I have seen. What are they technically called? Are they serges?

Mr. Spink.—These are gaberdines.

President.—What are the dates of these Japanese prices?

Mr. Spink.—Last year's shipments. According to the revised prices marked on these invoices, prices have since fallen.

Mr. Addyman.—Do you think that the finish is equal to the British article?

Mr. Spink.—Very nearly. They are improving very fast and in some qualities we cannot say whether they are made in Yorkshire or in Japan.

Mr. Batheja.—Can you supply us with British samples so that we may see whether they are exactly comparable?

Mr. Spink.—I think I can probably supply you with samples from my own Bombay office.

Mr. Batheja.—It would be convenient if you supply them.

Mr. Spink.—Yes.

President.—I don't know if it will be necessary. Here are two samples, Japanese and Indian. Do you consider those comparable cloths?

Mr. Spink.—Yes.

President.—Are they sufficiently alike?

Mr. Spink.—Yes, they are sufficiently alike. The Indian article is better.

Mr. Batheja.—In what point?

Mr. Spink.—From the yarns point of view.

Mr. Addyman.—And from the structural point of view?

Mr. Spink.—It is also better finished.

President.—You prefer the handle of the Indian cloth?

Mr. Spink.—Yes.

Mr. Batheja.—What difference in price would you put by taking these factors which you mentioned just now into consideration?

Mr. Spink.—That would be difficult for me to say. I do not know what the Indian prices are.

Mr. Batheja.—You are selling these things. Suppose you are buying these things. As an expert what would you put the difference in price? Please tell me the price which you will demand or which you will pay.

Mr. Spink.—It is difficult for me to give a price without going into the cloth.

Mr. Addyman.—That cloth is 7 to 8 ozs. per yard Japanese. Can you give me the price?

Mr. Spink.—Loco. Bradford?

Mr. Addyman.—No. C.i.f.

Mr. Spink.—3s. per yard roughly speaking.

Mr. Batheja.—Supposing the cloth were produced in Bradford?

Mr. Spink.—2d. or 3d. less. It seems to me lighter in weight. It is very difficult to give comparative prices.

President.—It is given as 1s. 8d. a yard.

Mr. Spink.—You mean the Japanese?

President.—Yes.

Mr. Addyman.—Here are samples of light weight suitings.

President.—One is Japanese and the other is Indian.

Mr. Spink.—They are distinct copies of China styles.

President.—Copies of China styles made in Bradford?

Mr. Spink.—Yes.

President.—What are the others?

Mr. Addyman.—Indian.

President.—Will you look at these and compare them with the other stuff?

Mr. Spink.—As a selling proposition in this market, I prefer the Japanese which is a better finish.

Mr. Addyman.—The finish is certainly better. Putting aside the finish, what do you think of the structure and quality of these cloths?

Mr. Spink.—It may be heavier, but not as even. I can only speak from the selling point of view. I would rather buy the Japanese than the Indian quality which is clumsy.

Mr. Addyman.—It is not so defined perhaps in the design.

Mr. Spink.—The Japanese quality is more to the Indian taste.

Mr. Batheja.—Supposing the two things were manufactured and you were asked to discuss the two things as selling propositions, what would you put the difference in price at?

Mr. Spink.—I take it that they are all wool.

Mr. Addyman.—Yes.

Mr. Spink.—There is very little difference in price. The Indian cloth is made from heavier yarns, but the Japanese quality is made of finer yarns.

Mr. Batheja.—You said that you would prefer the Japanese as a selling proposition. Supposing you were offered these two goods and asked to market them in India, you would quote a price. What price difference would you suggest?

Mr. Spink.—I hope you will allow me latitude.

Mr. Batheja.—These are approximate, but you are an expert and you have great experience.

Mr. Spink.—I should say the price of this delivered in India without profit c.i.f. will be about 2s. 9d.

Mr. Addyman.—Sample No. T Japanese c.i.f. is 1s. 6d. per yard.

Mr. Spink.—The Indian cloth I have not come across; it is not really a Yorkshire type. It is a coarse type, but I don't think there would be much difference in price.

President.—They are comparable cloths?

Mr. Spink.—Yes, as a selling proposition, the Japanese quality is better.

Mr. Addyman.—The selling price of the Indian mill would be about Rs. 2-2. Here are two samples, Bradford and Indian.

Mr. Spink.—Are the Indian samples varying in quality or are they supposed to be of the same quality?

Mr. Addyman.—They are supposed to be of the same quality, but there may be some difference in structure, weave and finish. I should put it down more to finish. What is the letter marked there?

Mr. Spink.—'K'.

Mr. Addyman.—5s. 8d. Bradford 14 oz. a yard.

Mr. Spink.—What date is that?

Mr. Addyman.—These are the figures supplied to us from Calcutta about three months ago.

President.—How do these Indian made goods compare with the Bradford goods?

Mr. Spink.—They are not comparable.

President.—Are they much inferior?

Mr. Spink.—Yes.

Mr. Batheja.—In what respects?

Mr. Spink.—One can make a decent suit of the United Kingdom Indigo Serge and not of the Indian. If you wanted a suit, you would have no hesitation in selecting the United Kingdom cloth. Here I don't think it is a question of price.

Mr. Addyman.—What do you think is wrong with the Indian cloth?

Mr. Spink.—Appearance. It is the coarser of the two.

Mr. Addyman.—Take the same colour and then compare.

Mr. Spink.—Are the Indian samples indigo dyed?

Mr. Addyman.—No, not indigo dyed but alizarine dyed.

Mr. Spink.—The Bradford quality is better.

Mr. Addyman.—The Indian selling price is Rs. 3-2.

Mr. Spink.—They are only comparable as serges of the same weight.

Mr. Addyman.—And perhaps of the same quality. They are only lacking in finish.

Mr. Spink.—I doubt very much whether they are made of the same class of yarn.

Mr. Addyman.—They are made from 64s quality and I don't think that the Bradford cloth will be made from anything higher than that.

Mr. Spink.—Is the 64s quality brought from Bradford?

Mr. Addyman.—Yes.

Mr. Batheja.—Is a stuff like this Indian cloth (Sample K) made in Bradford?

Mr. Spink.—No.

Mr. Batheja.—Not at all?

Mr. Spink.—No.

Mr. Batheja.—And therefore you cannot give us the price difference.

Mr. Spink.—It is not a type of blue serge that is made in Yorkshire.

Mr. Rahimtoola.—The quality is not comparable?

Mr. Spink.—No.

Mr. Batheja.—How much will you quote for that?

Mr. Spink.—It is difficult for me to say. If Bradford made a quality against that, it would be better woven and much better dyed with the result that you would get a better article.

Mr. Batheja.—Suppose Bradford were asked to make an article which might be comparable with the Indian article (Sample K) would you be able to quote a cheaper price?

Mr. Spink.—If Yorkshire used the same counts of yarn, it would be better woven than the Indian article and would be better finished.

President.—In fact, you could not produce the Indian quality.

Mr. Spink.—We should have to manufacture down to that quality. It is below the United Kingdom Standard of make.

President.—In that case, it would not be cheaper.

Mr. Spink.—No.

Mr. Batheja.—There is no difference in yarn.

Mr. Spink.—Mr. Addyman says there is none.

Mr. Addyman.—Both are made of 64s quality. The whole thing comes to this that India is not so efficient as Yorkshire.

Mr. Spink.—Yes. Whatever it may do in the future, it would appear India cannot at present manufacture in worsted goods to the same standard as United Kingdom.

Mr. Addyman.—Here is a Sample (J) of French quality weighing 10 oz. What will be the Bradford price?

Mr. Spink.—It would be 3s. 8d. c.i.f. without profit in comparison with the French.

Mr. Addyman.—The French price is 3s. 8d. c.i.f. The Indian price would be Rs. 2-2.

Mr. Spink.—The Indian sample has the same design and the same weave.

Mr. Addyman.—Of all the cloths I have been able to compare, I think this is as nearest comparison as I can find.

Mr. Batheja.—Is there any difference in price between the Indian cloth and the French cloth?

Mr. Spink.—United Kingdom price would not be more than the French price. The Indian price would be Rs. 2-2 as given by Mr. Addyman.

Mr. Batheja.—Otherwise the quotations are the same?

Mr. Spink.—Yes. United Kingdom and French approximately.

Mr. Addyman.—Coming to Samples P, one is United Kingdom gaberdine and the other is Indian.

Mr. Spink.—They are fairly comparable.

Mr. Addyman.—The weight is about 10 oz. The c.i.f. price is 4s. 2d. whereas the Indian price will be Rs. 2-5.

Mr. Spink.—One is as good as the other. What is the price of the United Kingdom article?

Mr. Addyman.—C.i.f. 4s. 2d.

Mr. Spink.—When did you get it?

President.—About the X'mas time.

Mr. Batheja.—These are comparable, are they not?

Mr. Spink.—Yes. The British price comes to about Rs. 3-8.

Mr. Batheja.—Rs. 3-7-6 against Rs. 2-5.

Mr. Spink.—Yes.

Mr. Addyman.—Here are samples of face cloths X and W.

Mr. Spink.—Are they all wool?

Mr. Addyman.—Yes.

Mr. Spink.—Are they British?

Mr. Addyman.—Both of them are Japanese. They are very similar to one of your samples, though your sample seems heavier. The price of the Japanese sample weighing 11½ oz is 2s. 4d. and the price of the sample weighing 10½ oz. is 2s. 1d.

Mr. Spink.—I have a similar cloth. Its weight is about 15½ oz. and the price is about 3s. 6d. Loco.

Mr. Addyman.—That is 15½ oz.

Mr. Spink.—Yes. Your weight is how much?

Mr. Addyman.—11½ oz. and 10½ oz. given by the Bengal Chamber of Commerce and confirmed by my own test.

Mr. Spink.—This (British quality) is comparable with the Japanese. Our price will be 3s. 6d. at least or 3s. 8d. c.i.f.

Mr. Addyman.—The Japanese cloth is an extremely nice one.

President.—What is the weight of yours?

Mr. Spink.—13 oz. to 14 oz. The Japanese cloth is not so strong as the British.

Mr. Addyman.—Will you compare the Indian cloth with others?

Mr. Spink.—It is comparable in shade only.

Mr. Addyman.—Will you try the strength of the Indian quality?

Mr. Spink.—The warp is strong but not the weft.

Mr. Addyman.—That is worsted warp.

Mr. Spink.—It is stronger than the Japanese.

Mr. Addyman.—But not so strong as the British?

Mr. Spink.—No.

Mr. Addyman.—But then the Bradford cloth is heavier by 3 oz.

Mr. Spink.—Yes. If it was less by 3 oz., it might not be so strong.

Mr. Addyman.—Can you give us an idea as to whether these Samples Y and V are comparable?

Mr. Spink.—They are rather of different types.

Mr. Addyman.—There is a slight difference, but they are as near as I could get for purposes of comparison. They are both sold in the market as face cloths. That is a type of melton.

President.—Do the United Kingdom manufacturers make face cloth of this type?

Mr. Spink.—We did some years ago but this business has been taken by the Continent.

President.—Meaning Italy or Poland?

Mr. Spink.—Poland. This is a very nice cloth and to-day it is actually imported into Bradford, dyed and finished in Bradford and exported to India.

President.—Does it claim British preference?

Mr. Spink.—I think they have to declare it as Polish cloth.

Mr. Addyman.—The samples you have now of face cloth are one of the United Kingdom, one is Italian and the other sample is Indian. What is your opinion on these?

Mr. Spink.—The Italian is much better than the other one, but it is entirely different from these. It is not face cloth in the true sense (sample V).

President.—What would you call it?

Mr. Spink.—I should call it a very poor imitation billiard cloth.

President.—What are they used for?

Mr. Spink.—Face cloths are used for coats, waistcoats particularly in the Punjab where they want a heavy cloth and also for overcoats.

President.—Sample V is Italian and the green one is United Kingdom?

Mr. Spink.—The Italian is the best in appearance of the three.

President.—How is the strength? That is chiefly shoddy?

Mr. Spink.—There is a tremendous difference in strength between the Italian and the United Kingdom. The Italian is made of shoddy. The Indian quality also is very strong. But here again it is badly lacking in finish.

Mr. Addyman.—The price of the Italian face cloth is c.i.f. 2s. 1d. and the United Kingdom face cloth is 4s. 2d.

Mr. Spink.—I do not call the United Kingdom sample a face cloth; I call it more a blazer cloth. I do not regard these three as comparable.

Mr. Addyman.—They are all sold for the same purpose.

President.—What is the price of the British face cloth?

Mr. Addyman.—4s. 2d., that of the Italian 2s. 1d. and the Indian Rs. 2-5. Here are some samples of Indian, Polish and Italian tweeds (shown).

Mr. Spink.—A great deal in these tweed qualities depends in this country on designs. This for instance I would call a very old style (shows one of the Indian samples).

President.—What is the practice in designing English cloths?

Mr. Spink.—Many of the British tweeds for some years have been known in India, so far as designs are concerned, as *plus fours* design; that is a certain type of checks or wide stripes and there has been a demand for these fancy designs now for some years.

President.—We have been told that Indian manufacturers follow the English designs at some distance, that is to say, this year's English design may be made in India next year.

Mr. Spink.—Possibly. Making a tweed is entirely a different proposition from making a blazer cloth. In tweeds it depends on the blendings and even in the Colne Valley it is very difficult for another mill to make the same blendings.

President.—Are the designs changed annually?

Mr. Spink.—Indian buyers are always asking for new designs and every year there is a change in the designs, although we had a quality which was confined to my firm and which we shipped to India for 17 years. I think we had made 400 designs made over the 17 years but we sold some of the original designs throughout the whole of the 17 years.

President.—In the Indian market?

Mr. Spink.—Yes. We sold this style all over the Punjab and Sind.

Mr. Addyman.—What is your opinion about these samples of tweeds (handed in)?

Mr. Spink.—They are more up to date in design.

Mr. Addyman.—They are not exactly tweed cloth but they are the same weight per yard and would be used for the same purpose.

Mr. Spink.—I would not call the green one comparable with the others. The check design has been coming for a number of years.

Mr. Batheja.—Do you mean to say that the Indian demand for new designs is not very great?

Mr. Spink.—No. I gave one particular instance which is very rare. On the whole it is not so. They ask for new designs every year. If you sell a certain quality say in Amritsar you have got to show a large number of designs to the dealers because no two dealers in the same market want one and the same design naturally otherwise they would not get a price, one against the other. So, in order to supply 4 or 5 dealers you have to have a range of 10 or 12 designs in various colourings.

Mr. Addyman.—I think that is more due to the buyer's desire. A person when he meets his friend in the street does not like to see him similarly attired. These tweed samples (smaller cuttings) how do these compare with the tweeds you make in Bradford?

Mr. Spink.—They would compare with our lower qualities quite well. Our price for these would be about 2s. 4d. per yard c.i.f. without profit or perhaps a little more, say, 2s. 6d.

Mr. Addyman.—The fair selling price of the Indian article is Re. 1-10-11. The Indian cloth is selling against Bradford cloth of the same quality.

Mr. Spink.—This cloth if made in Yorkshire would have a better appearance. If we received deliveries of goods like this at Home we should send them to be re-finished.

President.—What is the price of the Italian coatings?

Mr. Addyman.—Shillings 1-4, 1-3, 1-6, 1-7. Their prices are lower than that of the Indian tweeds.

President.—Are they shoddy?

Mr. Spink.—Yes.

Mr. Addyman.—Here is a sample of cloth which is known as Blazer cloth (Sample B) and the small cuttings are Indian made.

Mr. Spink.—The trouble with the Indian blazer cloth is that it is badly finished and when made into coat it wears rough.

Mr. Addyman.—What about Sample B, the Italian cloth (green)?

Mr. Spink.—That is shoddy; there is a tremendous difference in the strength.

Mr. Addyman.—The market price for the Italian is Rs. 2-8.

Mr. Spink.—Our price for an article with a better finish would be about Rs. 3-2.

Mr. Addyman.—The Indian would sell at Rs. 2-15. It would appear that the Indian mills are successful in texture but they lack in finish?

Mr. Spink.—Yes.

President.—How does the green one sell in comparison with the other?

Mr. Addyman.—The selling price of the Italian cloth is Rs. 2-8 and that of the Indian Rs. 2-15.

Mr. Spink.—You will probably find that the British cloth has been copied by the Japanese. Here are two qualities which are identical.

President.—And the prices?

Mr. Spink.—The Japanese cloth is Re. 1-11 to-day. This shipment Rs. 2.

President.—That is c.i.f.?

Mr. Spink.—Yes.

Mr. Addyman.—British c.i.f. 5s. 5d. or Rs. 3-12.

Mr. Spink.—The Japanese price is Rs. 2 per yard c.i.f.

Mr. Addyman.—It was Re. 1-14 a short time ago. It is now Re. 1-11.

Mr. Spink.—What is the price of M?

Mr. Addyman.—Equivalent to this cloth is selling to-day at Re. 1-11.

Mr. Spink.—Our price would be at least 3s. 6d.

Mr. Addyman.—This is Indian. There are various samples there which I have compared. Apart from finish the Indian cloth compares favourably.

Mr. Spink.—The Indian quality appears to be lacking in design.

Mr. Addyman.—Amongst the worsted manufacturers at home, the most important employee is their designer.

Mr. Spink.—A very important one too.

Mr. Addyman.—The equivalent of the Japanese or the United Kingdom cloth (MG) would sell from an Indian mill at Rs. 2-15-6 or Rs. 3.

Mr. Spink.—The Indian cloths are nothing like this.

President.—What is the difference?

Mr. Spink.—They are much coarser and lacking in finish.

Mr. Addyman.—They are the same weight in yarn exactly and from equal quality of tops.

Mr. Spink.—That I do not know, the other cloths are better woven.

Mr. Addyman.—The Indian is made of slightly coarser count.

Mr. Spink.—It has a coarser appearance and it is badly finished.

Mr. Addyman.—These cloths are constructed from a coarser count.

Mr. Spink.—Japanese are importing very fine goods. There is not what I would call a "clumsy" style amongst them.

President.—Is there any reason why the Indian cloth should not be made of finer yarn?

Mr. Addyman.—No, excepting that it would increase the cost.

Mr. Spink.—My answer to that is that they cannot make the finer qualities. They may be able to make them sometime in the future.

Mr. Addyman.—At present they are not.

Mr. Spink.—They have not produced them yet.

Mr. Addyman.—Do you put that down to faulty design?

Mr. Spink.—I am not talking of design, but I am talking of the structure of the cloth. The design varies according to the construction of the cloth. I don't think design causes the difference. I am now discussing the cloth itself.

Mr. Addyman.—There are two qualities which are approximately equal to Bradford.

Mr. Spink.—Yes.

President.—It would seem that the Indian mills are deliberately producing a coarser cloth to compete with finer cloth because of the price, is that it?

Mr. Addyman.—There may be something in that. I think the Indian mills have a fear of going beyond 36s or 40s, because their labour is not sufficiently efficient to successfully spin counts up to 60s or higher counts required for the finer cloth. But they appear to be improving in this connection. We have been told that one mill is already successfully spinning counts up to 64s.

Mr. Spink.—A great deal depends upon finishing.

Mr. Addyman.—That is so. All Indian goods lack in finishing?

Mr. Spink.—Yes. A large proportion.

President.—Is there anything else?

Mr. Batheja.—Are there any insuperable defects in the way of Indian manufacturers producing finer varieties? Cannot designers be brought out from home to improve the production?

Mr. Spink.—I don't quite catch your point.

Mr. Batheja.—You have been saying that India cannot produce the qualities which Great Britain is producing and on an examination of the samples, we have found that the chief defects were lack of design, lack of finish and certain coarse appearance. The coarse appearance may be due to coarse count of yarn. So far as the finishing and design are concerned, can these defects be got over by bringing experts in these lines from England?

Mr. Spink.—That has been our trouble—teaching everybody else his business. In answer to your question I can say even a good finisher cannot make a good cloth. He can only improve it. The essential thing is to have good yarns and good weaving.

Mr. Batheja.—Wool is imported from the same sources as Bradford does?

Mr. Spink.—It is spun into different counts—coarser counts in India.

Mr. Addyman.—There are exceptions.

Mr. Batheja.—I am trying to understand the statement that the Indian mills cannot come upto the level of the British production by bringing experts from England temporarily.

Mr. Spink.—Don't you think Indian mills could tell you more about this than I can? They know the basic qualities and they know what they are capable of, in respect of finish.

Mr. Batheja.—You say that they can't compete, that they can't make the same qualities of goods which Great Britain produces.

Mr. Spink.—I did not say that they could not do so, but that they have not done so. I understood Mr. Addyman to say that one mill had already begun doing so. If they can do it, why don't they put these qualities on the market?

President.—After all Yorkshire taught Japan to produce.

Mr. Batheja.—As I said some time back they may not be able to compete just now on prices prevailing in view of the Japanese competition.

Mr. Spink.—Not just now.

Mr. Batheja.—But with protection the Indian industry wants to progress further.

Mr. Spink.—Quite.

Mr. Batheja.—Just as the Indian cotton industry progresses day by day the Indian Woollen industry wants to progress further and one way of making progress is to give it protection.

Mr. Spink.—The Indian Woollen industry is producing better cloths than 10 years ago.

Mr. Batheja.—The Indian Woollen industry owes a great deal to the Yorkshire experts and as a matter of fact even now it is very largely supervised by Yorkshire men.

Mr. Spink.—I think such men as Mr. Watt or Mr. Addyman know as much about the Yorkshire industry as the Yorkshire manufacturer himself.

Mr. Batheja.—They may not be able to produce the same quality of cloth at the same price.

Mr. Spink.—I think it is an Indian question. It is not a question which I can answer.

President.—In your opinion have the types of cloth which have been shown you, covered the market range or have you left out any type of cloth which has a large sale?

Mr. Spink.—Shawl cloth.

Mr. Addyman.—We have not touched the shawl cloth.

Mr. Spink.—The trade in shawl cloth as far as we are concerned has gone.

Mr. Addyman.—What the President is referring to are suitings and over-coatings.

President.—Can we take these types as sufficiently representative of the cloth trade apart from shawls?

Mr. Spink.—You can take these as fully representative types of cloths that are now selling in India.

Mr. Addyman.—That are mostly in demand. Of course there are dozens of varieties.

President.—Have you any other quality?

Mr. Addyman.—No more cloths for purposes of comparison. Here are some samples which are more up-to-date.

Mr. Spink.—They are still well behind.

Mr. Addyman.—They are 2 or 3 years behind.

Mr. Spink.—These are all wool cloths?

Mr. Addyman.—Worsted qualities.

Mr. Spink.—No mixtures?

Mr. Addyman.—No.

Mr. Spink.—I still maintain the same opinion. They will not compete with Japanese samples which are entirely copied from United Kingdom styles.

Mr. Addyman.—Here is a shawl dyed by the B. D. A. which has gone out of the market.

Mr. Spink.—How old is this sample?

Mr. Addyman.—I have no idea. It was picked up from one of the retail shops recently.

Mr. Spink.—It must be 3 or 4 years old. Probably he could not sell it. It was too expensive.

Mr. Addyman.—I produce it as a sample which has been driven out of the market.

Mr. Spink.—Mr. Moss tells me that they have not dyed any shawls recently. We have not done any shawl business for over three years.

Mr. Addyman.—It used to be done. What has happened to it?

Mr. Spink.—It has been superseded by the French Grey cloth trade.

Mr. Addyman.—The French cloth has gone too.

Mr. Spink.—There is quite a big French export in shawl cloth.

Mr. Addyman.—Nothing like so large as it used to be.

Mr. Spink.—Japan has got a portion of that now. We in Yorkshire tried very hard last year to get down to the French shawl cloth.

Mr. Addyman.—Single warp?

Mr. Spink.—As you know it is a single dry spun yarn.

Mr. Addyman.—The French process.

Mr. Spink.—Our only chance of competing in shawl cloth at the moment would be by importing French dry spun single yarn.

Mr. Addyman.—Yes. Single warp has been tried in India, but not successfully.

President.—Do you export shawl cloths apart from shawls?

Mr. Spink.—We do. The shawl industry itself is distinct from piecegoods.

Mr. Batheja.—The British shawl industry has always a serious competition from France and Germany. Is it not a fact that the British shawl exports into India were always overshadowed by the French and German exports?

Mr. Spink.—Not by the German shawl cloths. They were entirely different styles.

Mr. Addyman.—Germany is chiefly Merino.

Mr. Spink.—Not merely that. They were fancy shawls.

President.—The German shawls were generally embroidered?

Mr. Spink.—Yes. I don't think there has been much trade in German shawl cloth.

President.—There was a fairly considerable trade in German shawls.

Mr. Addyman.—There is a regular sale for limited quantities.

Mr. Spink.—In plain shawls?

Mr. Addyman.—Both plain and embroidered.

Mr. Batheja.—Germany is the leading exporter.

Mr. Spink.—From 1921-22 onwards.

Mr. Addyman.—In merino type.

Mr. Batheja.—According to import figures from 1921-22 to 1926-27 Germany has been easily the first.

Mr. Spink.—In merino shawls. Are embroidered shawls separated in statistics?

President.—No.

Mr. Batheja.—England is nowhere.

Mr. Spink.—We are not cut out in England for embroideries.

Mr. Batheja.—Even in 1934-35 Germany stands easily the first.

Mr. Spink.—Larger than the French Grey Shawl imports?

Mr. Batheja.—Shawls are separated from shawl cloths.

President.—Imports of shawl cloths may have been seriously affected by the specific duty in the last year.

Mr. Spink.—That is quite probable.

President.—You don't know? You have no information about that?

Mr. Spink.—No, but it is quite probable.

Mr. Batheja.—The German shawls are tending to disappear.

Mr. Spink.—It is a question of time.

Mr. Batheja.—The advance is not made so much by the Japanese industry as the Indian industry.

President.—Was there any large importation of shawl cloth from the United Kingdom apart from shawls?

Mr. Spink.—There was a larger importation of shawls.

President.—The largest importation of shawls was in 1926-27—125,000—from the United Kingdom. It has gone down steadily since then. Is the same fact to be noticed in shawl cloth?

Mr. Spink.—So far as I am aware for the last two or three years there has been no exportation of shawl cloth or shawl of any size from United Kingdom.

Mr. Addyman.—The United Kingdom has never exported any shawl cloth to any extent?

Mr. Spink.—No.

Mr. Addyman.—The shawl cloth trade is chiefly confined to France.

Mr. Spink.—Yes, in quantity.

Mr. Addyman.—The advantage which France had and still has is that they manufacture from single warp.

Mr. Spink.—Yes.

Mr. Addyman.—Unless Bradford goes over to the French system of spinning the French will always have an advantage.

Mr. Spink.—There is one or perhaps two spinning mills in Yorkshire, who spin on the French system.

President.—Are we to take it that Bradford is not particularly interested in the shawl trade?

Mr. Spink.—Bradford is interested in the shawl trade.

President.—It has been killed in the past by the French and German trade—particularly the French?

Mr. Spink.—Yes.

President.—Now both France and Germany are being killed by the importations from Japan?

Mr. Spink.—Yes, and the Indian made shawl will be as well.

Mr. Addyman.—I believe in the crossbred quality of shawl there is no external competition. The Indian mills have the market to themselves.

Mr. Spink.—The crossbred shawl was our main line.

Mr. Addyman.—There is nothing now?

Mr. Spink.—No.

Mr. Addyman.—You cannot compete with the Indian mills?

Mr. Spink.—No, not in that particular style. But I understand that the Japanese are now putting these shawls in the market.

Mr. Addyman.—They are merino shawls—not crossbred.

Mr. Spink.—They are as cheap as our crossbreds.

Mr. Addyman.—Almost so. But they are exporting expensive shawls.

Mr. Spink.—Surely they will very shortly come down to the Indian mill prices and appropriate their business as well.

Mr. Batheja.—The Indian merino shawls are equally cheap. I am talking of both mill and hand made shawls.

Mr. Spink.—Japan is confined at the moment to the exportation of merino shawls.

Mr. Addyman.—The Japanese are exporting to India nothing but merino quality shawls.

President.—There is a shawl made in the north of India on handlooms from Japanese merino yarn which at present is holding its own.

Mr. Batheja.—In the Bombay market it has twice as much sales as the foreign product.

Mr. Spink.—The trouble appears to me to be that if any quality is in demand for a time, it is immediately seized upon by Japan as worth while. I wonder how the Japanese prices compare with those of the handloom products?

Mr. Batheja.—They are able to secure Japan yarn and are able to stand in competition against the Japanese goods to some extent.

Mr. Spink.—So long as Japan allows them to do so. I understand that the handloom industry in India is a very big industry.

Mr. Batheja.—It is big even now.

Mr. Spink.—It is much bigger than is thought outside the country and I am afraid that this industry is also jeopardised. I don't know what your idea is, *Mr. Batheja*?

Mr. Batheja.—We have to study the point a little further.

Mr. Addyman.—There are a few tweeds which I consider in design fairly up-to-date and in quality, I think, comparable with perhaps the medium quality of tweed which comes from the United Kingdom (handed to the witness).

President.—Where do they come from?

Mr. Addyman.—From Bangalore.

Mr. Spink.—I should say these can be compared not with the medium qualities but with the United Kingdom lower qualities.

Mr. Addyman.—In tweeds?

Mr. Spink.—Yes.

Mr. Addyman.—For that type of cloth, there is an extensive market in India?

Mr. Spink.—There is.

Mr. Addyman.—What would be the price of this lower quality in Bradford?

Mr. Addyman.—You may quote on an all wool basis because these are all wool.

Mr. Spink.—2s. 9d. United Kingdom price. It will be 2s. 11d. e.i.f.

Mr. Addyman.—I consider some of these very nice tweeds.

Mr. Spink.—In these there are one or two modern designs.

Mr. Batheja.—When you use the word "design" do you use the word in reference to the Indian market or the British market?

Mr. Spink.—I am talking of the type of design which the Indian dealer is asking for.

Mr. Batheja.—In this respect the Indian industry is two years behind?

Mr. Spink.—Obviously.

Mr. Addyman.—Particularly so in worsteds.

Mr. Batheja.—You are not, I take it, talking of the high standard of design prevalent in Britain?

Mr. Spink.—I am talking of the class of design asked for by the Indian dealer.

Mr. Addyman.—You would consider that there are designs in that booklet which are quite modern.

Mr. Spink.—Yes, a few.

Mr. Batheja.—When you say that these are lower quality tweeds, I suppose you are talking of the lower quality in relation to the Indian market.

President.—*Mr. Spink* says that these would be equal to the lower quality made in Bradford.

Mr. Spink.—Our qualities for the Indian market are on the whole better grades to-day. Our average e.i.f. price per yard is about 3 shillings. We sell up to 4 shillings and 4s. 3d. in tweeds. That is similar to a type of tweed which is worn at home in "plus four" and the cheaper suitings.

President.—Before we come to blankets I should like to ask one or two general questions about them. The competition from the United Kingdom has been chiefly in blankets and not in rugs. Is that so?

Mr. Spink.—Recently, yes. There has been no competition in rugs for some years.

President.—What are coming from the United Kingdom now are almost entirely blankets and not rugs?

Mr. Spink.—Exactly, and very few blankets.

President.—The average price of a blanket, shall I take it, is lower than that of the travelling rug?

Mr. Spink.—Yes, the British blanket

President.—The British qualities of travelling rugs are mostly reversible—double pattern?

Mr. Spink.—To-day I should say the better qualities are reversible. There are of course some plain travelling rugs.

Mr. Addyman.—The larger sales are in reversibles?

Mr. Spink.—Yes, in the check reversibles.

Mr. Addyman.—What would be the weight of a reversible rug of a better quality made in the rug district, say in Dewsbury?

Mr. Spink.—I am afraid I could not answer that question except from the point of view of a rug of my own which weighs about 6 or 7 lbs.

Mr. Addyman.—So heavy as that?

Mr. Spink.—It is a good rug.

Mr. Addyman.—Do you think that a reversible rug can be made in the United Kingdom weighing 4 to 5 lbs.?

Mr. Spink.—Yes, but it could not compete with the Italian or Indian rug.

President.—The average price of “blankets and rugs” of the United Kingdom is Re. 1-4 per lb. as shown in the Customs returns.

Mr. Spink.—Yes.

President.—From what you said I gather that that is the average price rather of blankets than of rugs because blankets form the main line of imports.

Mr. Spink.—That seems to me to be obvious.

President.—The average price of Italian rugs in the same year was about 12 annas a lb. That would be for an article which is entirely different from the United Kingdom article?

Mr. Spink.—Is that for a rug or a blanket?

President.—I suppose it is the price of a rug. Not many blankets are coming from Italy.

Mr. Spink.—No.

President.—It is curious to find that the United Kingdom Wool Textile Delegation does not refer to the Italian competition at all. It assumes that the competition is from some other cheap country which is Japan. I suppose they are aware of the Italian competition.

Mr. Spink.—They have been aware of the Italian competition for some considerable time. It has not been looked upon, I am afraid, as an unfair competition.

President.—The point I am making is that when they say that there is a very cheap country which is competing in blankets and assume that that cheap country is Japan, they are rather wrong. The importation of rugs and blankets from Japan at present is quite small—not more than 300,000 lbs. against 6,000,000 lbs. coming from Italy.

Mr. Spink.—I am afraid I have not the authority to answer their statement.

President.—Do you wish to show some more samples, Mr. Addyman?

Mr. Addyman.—These are all Indian made rugs of recent date.

Mr. Spink.—It would be perfectly easy for me, when buying a rug, to know which rug to buy, but the trouble is, I take it, that the consumer in India who buys these rugs looks more at the price than anything else.

Mr. Addyman.—Yes, that is so. But as a selling rug, from the standpoint of quality and design, what do you think of these when you compare them with the rugs you deal in?

Mr. Spink.—The designs are very good.

President.—Are these Italian rugs?

Mr. Addyman.—These are made in India to compete with the Italian rugs.

Mr. Spink.—These are certainly better types of rugs than the Italian. Here again the appearance of the Italian rug is smarter, though from the point of view of tensile strength and from the point of view of wearing quality, the Indian rug is better.

Mr. Addyman.—Here is an Italian rug.

Mr. Spink.—You can tell it at once.

Mr. Addyman.—Here is an Italian rug—Gloria—which is selling very largely in Northern India.

Mr. Spink.—It is the best rug which they sell.

Mr. Addyman.—Look at the price at which they are selling.

Mr. Spink.—Very large orders are placed for these Italian rugs. I wonder, talking from the Indian point of view, if the Indian mills had these tremendous quantities offered to them, whether they would be on a more competitive basis.

Mr. Addyman.—They would certainly be because continuous full production would bring down the cost of production.

Mr. Spink.—Have you the prices of these Indian rugs?

President.—They are more or less experimental.

Mr. Addyman.—They are experimental rugs made to imitate the Italian rugs in appearance and design.

Mr. Spink.—They seem to be wholly satisfactory experiments; they are quite a good production. Isn't there a small percentage of cotton in the "Gloria"?

Mr. Batheja.—Yes, there is; about 7 per cent.

Mr. Addyman.—Let us take No. 1695. That rug weighing 4 lbs. would sell at about Rs. 4-6 against the 5 lbs. Italian rug—the Gloria rug—selling at Rs. 5-8. How does that price compare with your price?

Mr. Spink.—I can't say. We have not shipped any of that quality; we are exporting better qualities.

Mr. Addyman.—It would appear that there is a full one pound difference in weight between the Indian rug and the Italian rug and the price is Rs. 4-6 against Rs. 5-8.

Mr. Spink.—Judging from the experimental samples here I can't see why India should not compete.

Mr. Addyman.—There is just another cloth weighing 17 oz. I want to know if there is any extensive sale of this?

Mr. Spink.—It is a Yorkshire cloth, but I should call it a European cloth so far as India is concerned. We do export this cloth in small quantities but we sell in what we call the European bazars—the Zacharia Bazar in Bombay and Radha Bazar in Calcutta.

President.—Are you interested in yarns?

Mr. Spink.—Yes. The point of view of the yarn merchants of the United Kingdom is that their case is exactly the same as ours. They do not want any higher tariff and they want to take advantage of the quotas that may be levied. The competition in yarns from Japan is on a par with the competition in piecegoods.

President.—Until 1933-34 when the competition from Japanese yarn became intensive, the United Kingdom manufacturers were more or less holding their own in the Indian market. After the depression the imports from the United Kingdom have gone steadily up. In 1933-34 they were as high as 42 per cent. of the total imports of yarn, weaving, knitting and woollen combined. In 1934-35 the percentage has gone down to 17 per cent. in 10 months. There is one point about the prices in 1933-34 which I do not quite understand: the average price of imported yarn from the United Kingdom, as I pointed out yesterday, is just under a rupee a lb.

Mr. Spink.—There seems to be something wrong there. The figure in the Woollen Textile Delegation is quite different.

President.—The prices given by you are, for weaving and knitting yarn combined, Rs. 1.51 in 1933-34 and Rs. 1.8 in 1934-35.

Mr. Spink.—Yes. I do not know which figure is correct. They say "The British share of Indian imports has fallen from nearly 46 per cent. in 1928-29 to 26.5 per cent. in 1932-33".

President.—It rose again very considerably in 1933-34 and has fallen considerably in the last 10 months.

Mr. Spink.—Yes.

President.—I will now pass on to the general questions arising out of the representation we have received. You are not qualified, I gather, to express any opinion on the costings?

Mr. Spink.—No.

President.—Will you be able to tell us in details all the items which make up the wages bill in the United Kingdom?

Mr. Spink.—I passed on a pamphlet to Mr. Addyman yesterday which gives the rates of wages.

President.—The point I am thinking of is this: I believe in general "wages" in the United Kingdom are included certain items which in India would generally be included under supervision charges. You have got no particular information about that?

Mr. Spink.—I have no information in that direction at all. The exact wages which particular workers get are given in that pamphlet.

President.—The practice in India is to include a greater proportion of the wages bill under supervision charges and that might account to some extent for the higher average of these wages stated in the British costings. To get a complete comparison you probably have to add the wages and supervision charges for costing purposes. I want to say a word about piecegoods. The Delegation has made a proposal that in dealing with mixtures the raw material which is dominant by weight in the mixture should determine the classification of the fabric. That means to say, I presume, that if there is a higher percentage of wool than any other fibre in the fabric, the fabric should be called woollen fabric; if there is a higher percentage of cotton it should be called a cotton fabric. Domination by weight, if I interpret it rightly, does not quite meet the Indian mills' point of view and I should like to have your opinion about that. Their view is that if there is sufficient wool in the textile fabric to make it look like a woollen fabric and enables you to serve the same purpose as a woollen fabric, for purposes of customs duty it should be treated as if it were all wool, and they put the percentage of wool which will enable a fabric to pass as wool in the bazar as about 25 per cent. They say if it is less than that, probably the wool would not be sufficient to cover the warp. Assuming that the warp is made of cotton less than 25 per cent. wool in the rug would not be sufficient to cover the cotton up so as to make it appear as a woollen rug.

Mr. Spink.—It does not matter so much so long as it does not affect the import duty.

President.—The difficulty is this: There may conceivably be different tariffs on articles in which the dominant material is cotton? I am now talking in general terms about tariffs. The Indian mills want that woollen mixtures which can be passed off as a woollen fabric should be treated as all wool. At present a mixture is treated as different from an all wool fabric in the Customs tariff. They fix the percentage of 25 as a reasonable percentage. At present it is a good deal less than that. There seems no reason why a fabric which contains less than 25 per cent. and *ex hypothesi* cannot pass as a woollen fabric should be treated as woollen merely because it has got a certain amount of wool. Do you think that 25 per cent. is a reasonable proportion to take?

Mr. Spink.—I don't know of any fabric from the United Kingdom which contains such a low percentage as 25 per cent. wool. It does not affect us.

President.—Your proportion would not be less than 50 : 50?

Mr. Spink.—Perhaps more than that, perhaps a little less.

Mr. Batheja.—What is the lowest?

Mr. Spink.—It all depends on what percentage of cotton there is in the warp in a union cloth.

Mr. Addyman.—About 25 per cent. in the blazer cloth?

President.—From your point of view, we can take it that in the exports from the United Kingdom there is nothing which is less than 50 per cent.?

Mr. Spink.—So far as I am aware we do not go anywhere near as low as 25 per cent. of wool.

President.—You contend that the mixed goods as far as United Kingdom is concerned should be treated as if they were all wool.

Mr. Spink.—That depends on what the duty is going to be.

President.—The duty to-day, as I have just said, is higher. There is a specific duty on low grade all wool fabrics, but it doesn't apply to mixtures. Now the proportion of mixtures in United Kingdom piecegoods is very high. It is not less than 50 per cent. of the total. Does the specific duty apply to United Kingdom at all?

Mr. Spink.—No.

President.—What I have said applies to foreign article?

Mr. Spink.—Yes.

President.—If the same procedure is followed omitting the United Kingdom goods from the specific duty, you would not really be affected?

Mr. Spink.—That is our point. We do not want the duty to be disturbed.

President.—Supposing a demand were made to treat the United Kingdom mixtures as all wool and to apply a specific duty to low grade articles which are heavy in proportion to price, would that affect the United Kingdom exports?

Mr. Spink.—We are not very keen on specific duty. We prefer *ad valorem*. In fact, as I have already said, we do not want the duties to be altered at all. We are quite satisfied.

President.—Is it a fact that the general range of prices of mixtures will be considerably lower than the general range of prices of all woollen goods? I suppose it is.

Mr. Spink.—It is slightly lower. In the mixtures many of them are of quite good qualities, and some of the all wool goods are of lower qualities.

President.—The problem of mixtures will be higher in worsted and lower in woollen goods.

Mr. Spink.—When you talk of mixtures, do you refer particularly to worsted mixtures, or shoddy mixtures.

President.—I would not apply the term "mixtures" to shoddy goods. I would prefer to retain the term mixture to a definite change of material such as cotton and wool. I should not call a fabric made of virgin wool and shoddy a mixture. I would prefer to call it wool. Is a larger proportion of these mixtures on the woollen side or on the worsted side?

Mr. Spink.—On the woollen side.

President.—Have you got any figures to demonstrate in regard to mixtures the proportion of the total export of piecegoods which is on the woollen side and the proportion which is on the worsted side?

Mr. Spink.—I have not.

President.—Are there more mixtures on the woollen side?

Mr. Spink.—They are increasing and have increased since last year on the worsted side as well.

President.—Which side has a bigger proportion of mixtures, woollen or worsted? Are worsteds shown separately from woollen?

Mr. Spink.—I have got a statement showing the exports of woollen and worsted tissues from United Kingdom to British India from 1913. In 1913 the figure is 15·15 million square yards for woollen tissues and worsted piece-goods 6·34 million square yards.

President.—And later years?

Mr. Spink.—

	Million square yards.
1929—Woollen tissues	3·00
Worsted tissues	1·31
1930—Woollen tissues	1·74
Worsted tissues	0·97
1931—Woollen tissues	1·16
Worsted tissues	0·30
1932—Woollen tissues	2·09
Worsted tissues	1·07
1933—Woollen tissues	2·58
Worsted tissues	1·32
1934—Woollen tissues	3·62
Worsted tissues	1·01

From these figures you will see that the woollen trade is a good deal bigger than worsted trade. The worsted trade has grown to some extent in the last year or two.

President.—Can I have that statement?

Mr. Spink.—Yes. You will find that the figures are roughly two-thirds woollen and one-third worsted.

President.—Our Customs statistics don't differentiate that.

Mr. Spink.—The United Kingdom worsted exports were proceeding satisfactorily until this Japanese competition came in.

Mr. Addyman.—Before the Japanese competition, was the proportion larger on the worsted side?

Mr. Spink.—It varies as you will see from the figures.

Mr. Addyman.—It doesn't seem to have varied the proportion since 1913.

Mr. Spink.—In one instance it was more than one-third.

Mr. Addyman.—In 1913 the woollen tissues were more than the worsted tissues.

Mr. Spink.—There is now a greater call for worsted mixtures than there has ever been before. Whereas we were supplying the whole of it in 1913, we are not supplying anything like the proportion now.

Mr. Batheja.—That may be because of the Italian competition.

Mr. Spink.—I am talking of worsteds and not rugs.

President.—Worsted woollen mixtures and the woollen mixtures have always been a predominant feature of British imports?

Mr. Spink.—Yes, they have been.

President.—Have you any reason to suppose that the demand for mixtures is increasing?

Mr. Spink.—The demand is increasing now, but not from the United Kingdom.

President.—Owing to the Japanese competition?

Mr. Spink.—Yes. The figures of the last 10 months show that decidedly.

President.—It is true, is it not, that the Japanese competition is chiefly in worsted and not in woollen?

Mr. Spink.—As far as we are concerned it is on the worsted side and on the all wool side. Mixture classes have increased within the last few months tremendously. In fact we are feeling competition in every style.

BRADFORD CHAMBER OF COMMERCE, BRADFORD, UNITED KINGDOM.

**Evidence of Messrs. A. H. SPINK and C. H. MOSS continued on
Wednesday, the 17th April, 1935.**

Mr. Rahimtoola.—I wonder whether you have seen the letters from His Majesty's Senior Trade Commissioner in India which accompanied the representations sent to the Tariff Board from England by the various Chambers of Commerce.

Mr. Spink.—No, not all of them.

Mr. Rahimtoola.—It has been stated that they have sent in representations from the Wool Textile Delegation, the Huddersfield Chamber of Commerce and the National Federation of Hosiery Manufacturers Associations of the United Kingdom.

Mr. Spink.—I have a copy of the Wool Textile Delegation's statement of case but not of the Hosiery one.

Mr. Rahimtoola.—My point is this, that even in the representation of the Bradford Chamber of Commerce mention has been made of the Wool Textile Delegation in one or two places and if you look at paragraphs V and VIII of your Statement, you will find that the Wool Textile Delegation have been referred to as your colleagues.

Mr. Spink.—That is so.

Mr. Rahimtoola.—And you support some of their points. I want to know whether the Wool Textile Delegation which is a much bigger body did not know anything about your coming to India and giving evidence before the Tariff Board.

Mr. Spink.—It has been suggested for some time that somebody should come to India and I came out at very short notice. Whether they were advised or not, I could not say. The President of the Wool Textile Delegation was away on holiday and nothing could be done, so far as I am aware, without his presence. I doubt whether it made any difference whether they knew of my coming or not as there was no suggestion, to my knowledge, of their sending a representative.

Mr. Rahimtoola.—It does make a difference to the Board because the memorandum from the Wool Textile Delegation appears to be from an organisation representing associations of producers and fairly representative of Great Britain. It is stated that this organisation represents associations of producers of wool textile products from tops and wool wastes upwards to the finished tissues and the associations affiliated to it represent these producers in all parts of Great Britain, whereas your Chamber of Commerce and the Huddersfield Chamber of Commerce are, I understand, representative of particular places.

Mr. Spink.—But the Bradford Chamber of Commerce also represent a very big proportion of the trade as well as spinners and manufacturers.

Mr. Rahimtoola.—Not so big as the Wool Textile Delegation?

Mr. Spink.—I do not know what the comparison is.

Mr. Rahimtoola.—Therefore I am asking you. You are in a position to know better about the actual position of the Wool Textile Delegation as compared with the Bradford Chamber of Commerce?

President.—Is it the position that the Chamber of Commerce represents individual firms, whereas the Delegation represents associations?

Mr. Spink.—Chambers of Commerce of course are also international as well as local.

Mr. Rahimtoola.—Is the Bradford Chamber of Commerce a member of the Wool Textile Delegation?

Mr. Spink.—They are entirely separate entities, but have interests in common.

President.—The Wool Textile Delegation starts off by saying that their organisation represents producers of wool textile products. Is it purely an Association of Associations and so different from an ordinary Chamber of Commerce? It looks as if it were an affiliation of Associations.

Mr. Spink.—This is the original draft (handed to the President) and you will see from that that certain paragraphs have been deleted.

President.—That was not the point. The second paragraph is the one to which I refer. Perhaps you cannot answer that question.

Mr. Spink.—I do not know exactly what it comprises. What I do know is that the Bradford Chamber of Commerce represents a very big proportion of manufacturers and spinners and merchants.

Mr. Rahimtoola.—Of Great Britain? Not necessarily of Bradford. I do not know whether I have made myself clear. From what is stated here one gets the impression that the Wool Textile Delegation is a much bigger Association than the Chamber of Commerce generally, but you are not in a position to give the Board an exact idea as to whether that is so or not.

Mr. Spink.—As to the relative importance?

Mr. Rahimtoola.—As to the relative importance and as to whether the Wool Textile Delegation is a much bigger organisation or not.

Mr. Spink.—The Delegation is an altogether different organisation from the Bradford Chamber of Commerce.

Mr. Addyman.—Is not the membership of the Textile Delegation composed of those who are owners of factories and mills and the membership of the Chamber of Commerce of those who trade in those goods?

Mr. Rahimtoola.—The Bradford Chamber of Commerce represent both producers and merchants.

Mr. Spink.—I can make a simile. Roughly the Wool Textile Delegation and the Bradford Chamber of Commerce correspond to the Millowners Associations and the Chambers of Commerce in this country, except the Bradford Chamber of Commerce are more closely connected with the manufacturing side than the Chambers in India.

Mr. Batheja.—If the Bombay Millowners Association and the Bombay Chamber of Commerce were combined, they would represent.

President.—He is quoting these as analogous bodies. The Millowners Association would correspond to the Wool Textile Delegation.

Mr. Rahimtoola.—The Millowners Association consists of producers only. I don't think that that is the meaning of the Wool Textile Delegation. I won't pursue the matter further. Probably you are not aware of the constitution of the Delegation.

President.—The Wool Textile Delegation is an organisation of producers' associations affiliated to represent producers.

Mr. Rahimtoola.—Yours is also an association of producers.

Mr. Spink.—Yes, and distributors.

Mr. Rahimtoola.—Therefore I think you would be in a better position to answer any points with regard to the representation sent in by Bradford.

Mr. Spink.—Yes.

Mr. Rahimtoola.—Leaving aside the Wool Textile Delegation?

Mr. Spink.—I have no authority from the Wool Textile Delegation.

Mr. Rahimtoola.—That is why I am asking you. The Delegation has sent in a fuller representation and has made certain proposals regarding the British interests to be protected and how and in what way they are to be protected.

Mr. Spink.—I will answer from the Bradford Chamber of Commerce's point of view.

Mr. Rahimtoola.—I should like to know in that case what are the exact proposals which the Bradford Chamber wish to place before the Tariff Board with regard to the scheme of protection. In this connection please refer to paragraphs VIII and IX of your statement.

Mr. Spink.—I understand that the principles on which the grant of protection is based in India are that the duty imposed should not be more than is strictly necessary and that where possible lower duties should be imposed on United Kingdom goods.

Mr. Rahimtoola.—I take it that you are now relying on the Indo-British Trade Agreement which has been entered into some time ago in January between the Government of India and the Government of the United Kingdom?

Mr. Spink.—Yes, supplementary to the Ottawa Agreement.

Mr. Rahimtoola.—In view of that Agreement, the Tariff Board is bound to hear, as stated in Article IV, any representations which the United Kingdom wishes to place before the Tariff Board for their consideration.

Mr. Spink.—That is so.

Mr. Rahimtoola.—I was referring not to the Trade Agreement as such, but I was referring to the Wool Textile Delegation's representation which has given a clear-cut idea as to the various proposals for protection put forward under various heads, namely, blankets and rugs, piecegoods, shawls and yarn. They have also summarised in the end what exactly their proposals are and what preference they would like to have. They have also referred to the question of quotas. Do I understand generally your Chamber of Commerce is supporting their proposals?

Mr. Spink.—Paragraph V of our statement says: "This Chamber endorses the view of their colleagues in the Wool Textile Delegation that the existing duties provide an ample safeguard of Indian interests against such wool textile products of the United Kingdom as do compete with home manufactured goods".

Mr. Rahimtoola.—I am pointedly referring to that because that differs from the proposals made by the Wool Textile Delegation. The proposal of the Bradford Chamber of Commerce, as I understand it, is that the present duties including the surcharge are a sufficient protection to the Indian industry against the competition from the United Kingdom.

Mr. Spink.—That is so, and I think that the Indian industry also acknowledges that.

Mr. Rahimtoola.—I do not know whether the Indian industry has acknowledged so far, but their proposal is that these duties may be made protective duties and not kept as revenue duties. That is the difference between your proposal and the proposal of the Millowners Association of Bombay. Apart from that I was referring to the proposals of the Wool Textile Delegation. Your proposal is that the present duties, if they remained, would be a sufficient protection against United Kingdom goods.

Mr. Spink.—Yes, so far as Indian production is concerned.

Mr. Rahimtoola.—I am talking of the Indian production. You will be satisfied with the present scale of duties and you think that it is sufficient protection to the Indian industry?

Mr. Spink.—I think it is quite sufficient.

Mr. Rahimtoola.—The next point is that if the Board finds that protection is necessary against qualities which are being imported into the country at the lowest prices from any foreign country, then your proposal is that there might be a further preference to British goods. The Ottawa Agreement has given you 10 per cent. preference. Do you want that it should be maintained or increased in view of the competition one finds in India against the United Kingdom goods?

Mr. Spink.—So far as Japan is concerned, it should be considerably increased.

Mr. Rahimtoola.—You have no definite proposals as to how much increase in preference you would like to have for the United Kingdom goods.

Mr. Spink.—I have a definite proposal and that is the proposal in the statement of case of the Millowners Association of Bombay, always taking for granted that these disposals would not operate against United Kingdom.

President.—I think I can clear up the point a little more. My colleague's question is: if it is found necessary for the protection of the lower classes of woollen goods in India to raise the tariffs, have you any definite proposals to make as to the preference which should be given to Great Britain? I understood you to say that the duties now imposed against Great Britain should remain. Do you think so?

Mr. Spink.—That is so.

President.—Whatever increase may be made in the duties imposed against foreign countries, the duties against Great Britain should remain unchanged?

Mr. Spink.—We are quite content with that.

President.—That would automatically raise the preference in favour of Great Britain.

Mr. Spink.—We are hoping to get a preference.

Mr. Rahimtoola.—At present the preference is only 10 per cent. You say that the present duties against Great Britain should remain unchanged.

Mr. Spink.—Yes.

Mr. Rahimtoola.—If the Board comes to the conclusion that protection to the Indian industry is necessary and recommend protective duties, the duties on United Kingdom goods would automatically be raised unless your proposals are different.

Mr. Spink.—We don't want them to be raised at all. We want them to remain as they are.

President.—Mr. Spink started off by saying that the policy of the Government of India is to raise tariffs only to the extent necessary to protect the Indian industry against them.

Mr. Rahimtoola.—That is a difficult proposition because you have not submitted your price. You have not submitted your costs of production even confidentially. We have got figures but you are not in a position to substantiate them.

Mr. Spink.—Unfortunately I cannot.

Mr. Rahimtoola.—Therefore it is difficult for us to say whether the prices prevailing in India of the United Kingdom goods are reasonable prices.

Mr. Spink.—Surely yesterday you had sufficient proof that India required no protection so far as we are concerned.

Mr. Rahimtoola.—That is with the existing duties. You are now asking for greater protection than what you are getting under the Ottawa Agreement.

Mr. Spink.—Only against a certain country.

Mr. Rahimtoola.—It remains to be proved that your costs are such that you cannot produce at a lower price and that therefore it is reasonable that the rest of the market should go to the United Kingdom.

Mr. Spink.—I understood that the Wool Textile Delegation had sent in costs of production.

Mr. Rahimtoola.—Whenever we get a statement we have to clarify any ambiguity which may be found in it. Therefore the Chairman started by asking you whether you could give us any evidence regarding costings with regard to hosiery and piecegoods.

Mr. Spink.—And which I stated I am unable to do.

Mr. Rahimtoola.—That is exactly my point.

Mr. Spink.—The only answer I can give to your question is the samples you saw yesterday.

Mr. Rahimtoola.—I am coming to those samples. I want to raise some important points in connection with those samples. You have been dealing in these goods for a number of years?

Mr. Spink.—For many years.

Mr. Rahimtoola.—Your firm has existed for many years?

Mr. Spink.—Yes.

Mr. Rahimtoola.—May I have some idea as to how many years your firm has been doing business?

Mr. Spink.—Over fifty years.

Mr. Rahimtoola.—Yesterday you have been shown various qualities of Japanese goods, United Kingdom goods and Indian goods. With regard to the Japanese goods, is it your opinion that the goods are so equal in quality and design that it is very difficult to distinguish between the Japanese goods and the United Kingdom goods?

Mr. Spink.—Yes, in many qualities.

Mr. Rahimtoola.—The Japanese goods can be passed as British goods?

Mr. Spink.—Not only can be, but have been.

Mr. Rahimtoola.—Therefore the question now arises with regard to Indian goods. Your opinion is that as far as the worsted side is concerned, India is not able to produce the kind and quality of goods which are marketable in India as compared with the Japanese and the British goods.

Mr. Spink.—Yes, in certain qualities.

Mr. Rahimtoola.—You have given us four qualities in which you say that India is either not manufacturing at all or not manufacturing the kind that is required by the market and those four categories are worsted mixtures, many all wool goods, tropical suitings and better class worsted suitings.

Mr. Spink.—That is so.

Mr. Rahimtoola.—Have you seen any low quality of worsted goods made in India?

Mr. Spink.—It depends entirely on what you mean by low qualities. Mr. Addyman showed me some ranges of worsted suitings yesterday.

Mr. Rahimtoola.—I thought your opinion was that even in the low qualities they are lacking in finish, in design and also in dyeing and that they are copying old designs which had already been introduced either by the United Kingdom or other countries two years previously.

Mr. Spink.—Yes, to some extent.

Mr. Rahimtoola.—Therefore I take it that the Indian goods at present produced on the worsted side are not marketable?

Mr. Spink.—I have not said they are not marketable.

Mr. Rahimtoola.—They are not marketable because they have got to meet the competition of a class of goods which are superior and at the same time lower in prices, and in addition they lack in finish and design and dyeing.

Mr. Spink.—Yes, so far as Japan is concerned.

Mr. Rahimtoola.—I am now confining myself to Japanese goods which are obtainable at a lower price and which are of better quality and, therefore, one naturally assumes that the Indian article is not marketable at the price at which it can be sold against better class of Japanese goods which are offered at a lower price.

Mr. Spink.—I do not know what the Indian sales are in worsteds. I should think they are very small because of Japanese competition.

Mr. Rahimtoola.—Apart from the price the quality is not the same; it is much inferior to the Japanese. It is not competition between the same class of goods: that is what I am asking you?

Mr. Spink.—I should say that is so, particularly from the selling point of view.

Mr. Rahimtoola.—I see you have mentioned that the structure of the Indian article is very good but the appearance, the feel and the design are lacking because of the dyeing and finishing.

Mr. Spink.—In weaving as well in some instances.

Mr. Rahimtoola.—What is your opinion in regard to the Indian tweeds that were shown to you yesterday?

Mr. Spink.—I think they are quite good.

Mr. Rahimtoola.—Can they favourably compare with the Japanese and English goods?

Mr. Spink.—They are equal to low quality English tweeds. I understand Japan is trying very hard to make them and you will probably find them very shortly on the market.

Mr. Rahimtoola.—You make a point here regarding the low wages paid in Japan. I think it is referred to in the Wool Textile Delegation's representation. What are your views?

Mr. Spink.—From what I understand their wages are exceptionally low and are not paid as wages. I understand Japanese female workers are housed, fed, educated and after some years a female weaver gets a certain dowry when she is married. What this works out to per week I do not know, and why their wages are so low I cannot definitely say. There are many factors.

President.—When you say 'low' you are comparing it with the British wage?

Mr. Spink.—Yes.

Mr. Rahimtoola.—The Wool Textile Delegation have given the figures also of what the Japanese wages amount to as compared to those in the United Kingdom.

Mr. Spink.—I know it is very difficult to get these figures from Japan. I do not know how they compare with British wages.

Mr. Rahimtoola.—The National Federation of Hosiery Manufacturers' Associations of the United Kingdom says: "The Federation is prepared to prove if necessary that the average wages in the United Kingdom industry for ordinary skilled operatives per week of 48 hours are Rs. 80 in the case of men and Rs. 45 in the case of females. Against these figures the Tariff Board will doubtless be in a position, as a result of its own inquiries, to confirm the statement that the corresponding wages in Japan are in the case of males barely equivalent to Rs. 20 and in the case of females not equivalent in sterling to Rs. 10 per week of 6½ days".

Mr. Spink.—It does not give the hours per day. I understand they are longer in Japan than in the United Kingdom.

Mr. Batheja.—There is no doubt that the British wages are distinctly higher than the wages in Japan.

Mr. Spink.—They are considerably higher.

Mr. Rahimtoola.—You say in paragraph 4 of your Complementary Statement that the decline in the volume of exports of wool textiles to India is much more marked than in the case of similar British exports to foreign markets over the same period.

Mr. Spink.—That is so.

Mr. Rahimtoola.—I do not know whether you have seen the statement our office has prepared [Exports (produce and manufacture of the United Kingdom) of "Other Woollen Tissues"]. You will find that there is a definite increase since 1913.

President.—These are the figures worked out yesterday and totalled by you.

Mr. Rahimtoola.—The increase may be due to the Ottawa Agreement.

Mr. Spink.—I think these figures should have been taken over a longer period than 1930 to 1934. 1930 was the boycott year.

Mr. Batheja.—These are the only figures available.

Mr. Spink.—I don't think this is a fair comparison. The United Kingdom business now compared with pre-war is approximately one-fifth and we take pre-war as being normal, say, 1913. The decline from 1913 to the present time is tremendous. As we say here in our statement, "We are chiefly concerned with the precipitous decline in the volume of our exports of wool textiles to India in comparison with the pre-war period. It is significant that this decline is much more marked than in the case of similar exports to foreign markets over the same period". And I think you will find that that is so.

Mr. Rahimtoola.—1913 is the pre-war period?

Mr. Spink.—We take that as a normal year.

Mr. Rahimtoola.—You say the figure then was 21 million square yards?

Mr. Spink.—Yes. The decline from that period concerns us very much. I don't think there is any other country in the world where our exports have fallen by 4/5ths during the same period. This statement I maintain is scarcely comparable. (Document submitted).

Mr. Rahimtoola.—This is what we can get out of the book, and the increase may be partly due to the Ottawa Agreement.

Mr. Spink.—That is possible of course. The President asked for 1913 figures which I hope to send when I get back to Bombay.

Mr. Batheja.—You can send figures for 1913 onwards.

Mr. Spink.—I shall try to send you all the figures and see what I can do in this direction when I go back to Bombay and see the Trade Commissioner. Our main and strongest point is the currency depreciation which affects us tremendously—I am referring to Japan—in so far that the Indian dealer has still to pay Rs. 13-8 for our pound whereas the Japanese currency has depreciated between 64 and 70 per cent. in terms of gold.

Mr. Rahimtoola.—With regard to the proposal about the quota system you say in the opinion of your Chamber it does not provide a permanent solution. Could you explain how these quotas could be arranged? You do not wish that British goods should be excluded?

Mr. Spink.—Certainly we do. That is an essential point.

Mr. Rahimtoola.—You suggest quota only for Japan?

Mr. Spink.—That is for you to decide. We simply wish to be left out.

Mr. Rahimtoola.—Your point yesterday was that you are not so much alarmed of competition from other countries as from Japan?

Mr. Spink.—I take it if quotas are fixed they will operate against foreign countries as a whole; we claim privilege and that such quotas should not be put on against the United Kingdom.

Mr. Rahimtoola.—How do you wish to arrange quotas; do you think we should take the averages of the last five years?

Mr. Spink.—I do not think that is for me to say. I base my claim on the Indo-British Trade Agreement, article 3, paragraph 2.

Mr. Rahimtoola.—That is regarding the extent of protection. That refers to the question of duties alone.

Mr. Spink.—We do not want any quotas that are put on any other country to operate against the United Kingdom, neither do we wish any increased duties to operate against the United Kingdom.

Mr. Batheja.—At the very outset I wish to thank the Bradford Chamber of Commerce for having taken the trouble of sending a special representa-

tive to put the point of view of the British manufacturers before us. It is a great compliment to us and an augury of the future co-operation between this country and yours.

Mr. Spink.—I thank you very much.

Mr. Batheja.—I have been studying the literature which you very kindly supplied yesterday and arising from the statistics given it appears that in relation to the Home market in England the export trade is not so important and in relation to the export trade the Indian portion of it is relatively very small.

Mr. Spink.—To-day. Yes.

Mr. Batheja.—It has been so since the last 15 years. Just now it is very small.

Mr. Spink.—We are basing our argument on pre-war years, say, 1913, and also on the uneconomic competition which has sprung up.

Mr. Batheja.—If you look at these figures are you prepared to accept the contention that the export trade in relation to the Home market is small (Board of Trade Journal)?

Mr. Spink.—That is why I am here, because they are small, because they have declined so much.

Mr. Batheja.—If you accept my statement, it is well and good. Please go through the production and export figures on page V of the Board of Trade Journal, dated the 7th July, 1932. It may be due solely to the Ottawa Agreement, but probably the conclusion I am trying to arrive at can also be drawn from that.

Mr. Spink.—I don't think it is a fair conclusion, as you are taking figures from our worst years so far as the exports to India are concerned.

Mr. Batheja.—I shall come to that point later. You want to go back to 1913?

Mr. Spink.—You are quite right, with regard to these figures.

President.—Mr. Spink has never disputed that. His point is that although to-day the proportion of exports is a very small part of the total production, things were different in the pre-war years. That is the whole point of his argument regarding which we have no statistics.

Mr. Spink.—I am basing my argument on the pre-war years, because the last few years for which we have figures, have been very poor years, and I cannot base any contentions on poor years. I must base them on an average year.

Mr. Batheja.—Do you regard 1913 as an average year for the purpose of present production and consumption?

Mr. Spink.—Yes. An average year.

Mr. Batheja.—A year as far back as 22 years—do you regard that as an average year?

Mr. Spink.—Since then circumstances have altered considerably.

Mr. Batheja.—Circumstances of production, consumption, technique, improvements, organisation and processes have all changed and the whole world has changed since 1913. Are you going to regard 1913 as a normal year?

Mr. Spink.—We have not had any normal year since.

Mr. Batheja.—How far back are you prepared to go in order to get a normal year?

Mr. Spink.—I have no figures previous to 1913. Therefore my contention is that apart from 1927, all the years have been more or less poor.

Mr. Batheja.—That is rather an important point. Are you prepared to go back to 1900 as a normal year?

Mr. Spink.—I don't think it is necessary to go so far back. If I had the figures in front of me, it would be easy for me to say. We haven't got figures previous to 1913.

President.—Have you any idea of the proportions?

Mr. Spink.—What proportion of exports were to full production?

Mr. Batheja.—I know they were considerable. I take it you don't want to oppose the progress of the Indian industry?

Mr. Spink.—We don't want to.

Mr. Batheja.—Since 1913 the Indian industry has progressed enormously and the conditions are bound to be changed.

Mr. Spink.—You say that the Indian industry has progressed enormously. That I cannot contradict, because I don't know.

Mr. Batheja.—Not only has the Indian industry changed, but the demand has changed. The Indian production has changed. The rest of the world has not stopped still. The rest of the world has also begun to move. Many new mixtures have been created and so on. You know very well as a result of the war there were enormous developments in the wool industry in all countries, because wool materials were required everywhere. There were enormous developments in wool in Great Britain, Italy, France and Germany. There were very great developments in South Eastern Europe. I am prepared to prove that to you with facts and figures. Are we going to wash out all that—to wash out the changes in the character of consumption and production—to wash out the conditions of competition which England is facing from other countries?

Mr. Spink.—There is one matter which enters into that and I don't wish to refer to it at all, as it is political up to a point.

Mr. Batheja.—You maintain that for purposes of determining whether the market for British goods has been lost or not, we must go back to 1913.

Mr. Spink.—Yes.

President.—May I put the point to Mr. Spink? You are interested not so much in the comparative volume of trade between now and then as in the proportion of the Indian import trade. That proportion will take into consideration the increase of production in India itself. I do not know whether I have made my point clear.

Mr. Spink.—Has the increase of production in India been very marked?

Mr. Batheja.—Yes.

President.—If the total imports into India have gone down, has your proportion been maintained? That is what you are interested in.

Mr. Spink.—I can tell you it is much less than it used to be.

President.—Those are the points on which we should like to have some information.

Mr. Batheja.—I think it would be better if you take the detailed headings and see what has happened to the British trade after the close of the war.

Mr. Spink.—I have given figures here for 1913-14. The proportion of the United Kingdom exports into India was 68·49 per cent.

President.—Of what?

Mr. Spink.—The total imports into India. April 1st to November 30th, 1934, 31·44 per cent. Since that date the percentage has dropped considerably.

Mr. Batheja.—There are reasons for that. If you go through the tables with me, I shall explain the reasons. If you think the reasons ought to be taken into consideration by the Board, then we may not stick to the pre-war figure. Take piecegoods first. You will find that the United Kingdom occupies a leading position.

Mr. Spink.—Yes, 1918 to 1921.

Mr. Batheja.—In 1920 the United Kingdom imports into India go up considerably. There may be other factors too, but I take it, it is due to the

depreciation in the English exchange in relation to the rupee or to the appreciation of the rupee.

Mr. Spink.—That was a boom year.

Mr. Batheja.—The only possible explanation is that on account of the rupee exchange which soared to very high limits, many importers in India ordered large quantities of goods.

Mr. Spink.—It was not entirely due to exchange.

Mr. Batheja.—If you find that this sudden jump in British imports occurs in other categories, there must be a common cause.

Mr. Spink.—There was some heavy buying in those particular years. Everybody was then buying ahead not only in India but in most other countries. In other words they were speculating, because they were afraid that they would not get their requirements.

Mr. Batheja.—So far as the imports of piecegoods are concerned, the United Kingdom occupies the first position in 1920-21 and Japan occupies the second position and France the third position, is not that so?

Mr. Spink.—Yes. Japanese imports in 1920-21 bear no relation to present styles.

Mr. Batheja.—It doesn't matter. We have got no styles. Our piecegoods are not divided into worsted and woollen. Your statistical returns give much more information than our returns. Those are all the returns we have.

Mr. Spink.—In 1920-21 Japanese exports were confined to a few essentially Japanese styles which competed neither with Indian nor United Kingdom.

Mr. Batheja.—I want to run through these figures just to realise the importance of the British imports into India.

Mr. Spink.—Except that we are dealing with different categories and different styles.

Mr. Batheja.—In 1920-21 United Kingdom occupies the first place, Japan occupies the second place, and France occupies the third place.

Mr. Spink.—Yes.

Mr. Batheja.—You will please notice that Germany, Italy and other woollen countries are nowhere in the picture.

Mr. Spink.—Quite.

Mr. Batheja.—You pass on to the other years and you will find in 1921-22 the import of piecegoods from United Kingdom go down abruptly. I take it the one possible explanation is that it was due to the fall of exchange.

Mr. Spink.—There was also a tremendous carry over.

Mr. Batheja.—The rupee fell to 1s. 3d. at that time.

Mr. Spink.—But apart from that the 1920-21 goods were not disposed of owing to heavy speculation and therefore they could not buy in the following year.

Mr. Batheja.—If you study the figures for the subsequent years, there is a recovery in the United Kingdom imports, but Germany goes up strongly and occupies the second position in 1923-24.

Mr. Spink.—Yes.

Mr. Batheja.—So that Germany is competing in those years.

Mr. Spink.—Yes.

Mr. Batheja.—Then France occupies the third place. Italy has begun to emerge in 1923-24. In 1923-24 Japan loses ground as compared with 1920-21. Let us pass on to the next page. In 1924-25 the United Kingdom imports go up considerably. I suggest the one possible explanation of the increase of imports in 1924-25 is the 1s. 6d. exchange when England got 12½ per cent. advantage as regards imports, but France maintained its progress.

Mr. Spink.—Yes United Kingdom imports go up considerably in 1924.

Mr. Batheja.—As a matter of fact I have reason to believe that France became the strongest competitor of England in the world international trade. Before the war United Kingdom was the first wool manufacturing country, Germany second and France third. After reparations began to come from Germany to France and France modernised the equipment of the devastated area, the French industry made many improvements in the technique and consequently became a serious competitor of Great Britain in all parts of the world including India.

Mr. Spink.—That was so; but also a very big factor was the low French exchange.

Mr. Batheja.—The French industry improved so much that they were able even to flood the Bradford market.

Mr. Spink.—Not flood the Bradford market. They made a very considerable increase in their exports to United Kingdom.

Mr. Batheja.—I can give you figures.

Mr. Spink.—Why the Bradford market particularly?

Mr. Batheja.—Even in Bradford they were selling their goods. If you don't want to use the word 'Bradford' I would say they increased their imports into the United Kingdom.

Mr. Spink.—Yes.

Mr. Batheja.—That is a statement I came across in the Committee appointed by the Board of Trade in England to enquire into the increasing imports from France into England.

Mr. Spink.—If you say into England, I agree, but not Bradford.

Mr. Batheja.—I may be wrong. That may be more picturesque than scientific. The French industry modernised the whole equipment which had been destroyed by the Germans in the war and large scale organisations were put up. There were certain mills having as many as 100,000 spindles—even now you can find them. Italy also modernised its equipment at this time and improved its wool industry after 1924. And so the challenge comes to Great Britain not only from France but from Italy. Is that reflected in the figures?

Mr. Spink.—Yes.

Mr. Batheja.—On the other hand Japan is not able to make much headway because the Japanese wool industry was not organised.

Mr. Spink.—They have increased nearly $2\frac{1}{2}$ times between 1923-24 and 1926-27.

Mr. Rahimtoola.—Look at 1929-30 figures. They have again dropped.

Mr. Batheja.—I am talking of these three years 1924-25, 1925-26 and 1926-27.

Mr. Spink.—They have dropped in 1926-27.

Mr. Batheja.—Compared to France and Italy, Japan was nowhere. Please turn to the next page. Taking the years 1927-28, 1928-29 and 1929-30, so far as the number of yards is concerned, France has actually beaten United Kingdom in the Indian trade. Is that not so?

Mr. Spink.—That is so.

Mr. Batheja.—Take the figure for 1929-30. You will find France has come up very strongly and is able to challenge the supremacy of the United Kingdom in the Indian market.

Mr. Spink.—In certain lines. Yes.

Mr. Batheja.—We are now taking things in the mass. If you have any observations to make later on, we shall take them into consideration. To continue, Japan fades out of the picture.

Mr. Spink.—Yes.

Mr. Batheja.—Italy on the whole is maintaining its position. Even Italy is not able to compete with France.

Turn to the next page where you find figures given for 1930-31, 1931-32 and 1932-33. The French imports in yardage in those years are actually higher,

so that so far as yardage is concerned, France is absolutely the first, though it may not be the first in value. Italy comes up in the year 1932-33 in spite of the United Kingdom going off the gold standard and getting an exchange advantage over France and Italy.

Mr. Spink.—We have no figures to show that.

Mr. Batheja.—I shall give you exchange figures to look at later if you want. In spite of the exchange advantage—England went off the gold standard in September 1931—towards the end of the year, France and Italy have actually imported into India more yardage than the United Kingdom. In 1930-31 and 1931-32 Japan is absolutely washed out. Is not that so?

Mr. Spink.—Yes.

Mr. Batheja.—Japan begins to come up in 1931-32 and 1932-33. Japan went off the gold standard in December 1931.

Mr. Spink.—Yes.

Mr. Batheja.—After that, as a result of the exchange advantage which England had over France and Italy and the quota preferences, the United Kingdom has improved its trade, but Japan has improved its position at the expense of France and Italy. France and Italy are not able to hold their own very much and Japan comes up and takes their place. I grant your argument that Japan has a distinct advantage owing to the depreciation of the yen.

Mr. Spink.—I cannot understand your remarks that we had any exchange advantage. If you have figures to prove it, well and good.

Mr. Batheja.—These are the figures showing the exchange depreciation of world currencies in terms of gold. United Kingdom has depreciated its currency up to date to the extent of 37 per cent. (handed to the witness).

Mr. Spink.—That does not help us.

Mr. Batheja.—France's depreciation is nil.

Mr. Spink.—They are on the same basis as we are.

Mr. Batheja.—Italy's depreciation is 2 per cent. This is what I mean by England having an exchange advantage over France and Italy.

President.—In India.

Mr. Batheja.—Because the Indian rupee is linked to sterling. In the Indian market in relation to Italy and France, England has an exchange advantage.

Mr. Spink.—Italy has 2 per cent. advantage over us!

Mr. Batheja.—How? These are the figures which have been taken from the League of Nations publications.

President.—I don't think Mr. Spink has followed my colleague's argument. It is this—not that you have an exchange advantage in India as compared with France and Italy but that when England went off the gold standard it did give a temporary advantage to English exporters as compared with the countries which were on the gold standard. My colleague applies it to the Indian statistics to show that in spite of that advantage enjoyed by England against Italy and France, the Continental imports went up for one year and then they fell because they were conquered by Japan. The United Kingdom continued its upward course in those years.

Mr. Batheja.—These are the figures of piecegoods.

Mr. Spink.—These figures do not go far enough.

President.—To show today's conditions.

Mr. Batheja.—They don't go far enough.

Mr. Spink.—There is a tremendous difference between where these figures end and today.

President.—That does not alter my colleague's argument regarding the general trade in these years. I think my colleague's point is that the Japan's increase has been at the cost of France and Italy.

Mr. Batheja.—That is one point; that is not all. Japan has increased its imports at the expense of Germany, France and Italy which are woollen manufacturing countries having a great amount of efficiency.

Mr. Spink.—I still cannot get away from the point that our decline is far more serious than the decline of any other country so far as the Indian market is concerned.

Mr. Batheja.—That is not a fact. Your decline is certainly very much less than that of Germany.

Mr. Spink.—If we had the 1913 figures of exports of various countries and today's figures, I think it would be found that our decline is far more serious than that of any other country apart from Germany.

Mr. Batheja.—If you of course assume that the world has stood still and if no allowance is made for changes in production and consumption, improvements in technique, methods and so on, then of course you could carry your argument back far enough to find out what would support your contention. But you must take into consideration the developments which have taken place since the last 22 years.

Mr. Spink.—We are not complaining about the competition of any of these countries, except Japan.

President.—If you are not complaining about the competition of these countries, then my colleague is perfectly right that you have no need to go back to 1913 to prove your case. If the competition of France and Italy is considered by you as normal, you must take the figures since the war and not before the war. If you have no complaints against their competition, and these figures seem to show that it is they who are suffering more than you, on account of the Japanese competition, then we don't want pre-war figures at all because it raises quite a different issue.

Mr. Batheja.—Why should you complain against a particular country when I can show that at certain periods the competition from France and Italy was far more serious?

Mr. Spink.—If we had the figures here, I think you would find that they alter the whole case.

Mr. Batheja.—Don't run away with the impression that I am giving you any views of my own or of the Board. I am trying by discussion to elicit the facts and understand the position. If you argue that there is no complaint against France, Italy and Germany, I do maintain that, judging from the piecegoods figures, the challenge from Germany, France and Italy was very strong and very serious. Still in spite of such strong challenge and such serious competition, on account of the changes in world conditions, supply and demand, currency and so on, France and Germany faded out. At one time Japan was strong as you saw and faded out in the middle. Why should you regard this Japanese competition as a permanent thing?

Mr. Spink.—We maintain that the competition from Japan is quite an unfair competition. We don't maintain that the competition from these Continental countries is necessarily unfair.

Mr. Batheja.—I will come to that. In the meanwhile, you can glance through the other figures for better confirmation. One may think that my case is based only on piecegoods figures. Therefore let us go through the other figures. As I go on, I shall make running comments. Where you disagree, you may say so.

President.—Is there anything fresh relating to the United Kingdom in those figures?

Mr. Batheja.—The Indian production goes up in hosiery.

President.—Do these also support the same argument?

Mr. Batheja.—Yes.

Mr. Spink.—I am not prepared to discuss hosiery figures.

Mr. Batheja.—You have no instructions from the National Federation?

Mr. Spink.—No.

Mr. Batheja.—One thing as regards hosiery I may say is that the United Kingdom position has never been challenged by any country and if it has been challenged at all, it has been done by the Indian hosiery industry and recently by Japan.

Mr. Spink.—It is for the United Kingdom hosiery industry people to say.

Mr. Batheja.—As a matter of fact the United Kingdom hosiery is different in quality from the Indian or the Japanese. They cater for a higher class of demand.

President.—May I sum up to see if I have got your point of view correctly? Do I understand up to the year 1932 you had no complaints to make about the competition of any other country in the Indian market? Although France, Italy and Germany did beat you in competition in certain years, you had no complaints about it because you regarded it as a fair competition.

Mr. Spink.—I am not aware that we made any complaint.

President.—I am just trying to put forward what your position is. Even the Japanese competition in the year 1924-25 and in the following years was not regarded by you as an unfair competition. It was normal. But you regard the Japanese competition, since she went off the gold standard—whatever may be the reasons which we may or may not know—has definitely become something quite different from any competition which you met with in the past.

Mr. Spink.—It is not competition. It is a menace.

President.—I am just putting what I understood to be your point of view.

Mr. Spink.—I agree with you so far.

Mr. Batheja.—In what respects do you regard the Japanese competition as unfair and different from the competition of France, Italy, Czechoslovakia, Germany, Poland, etc.?

Mr. Spink.—I am only concerned with the Japanese competition so far as the United Kingdom is concerned.

Mr. Batheja.—You distinguish the Japanese competition from the competition of other countries and you call it unfair. I want some amplification of that answer.

Mr. Spink.—We have had qualities from Japan which when analysed it was found that the selling prices of these qualities represented only the value of the wool.

Mr. Batheja.—Do you maintain that the Japanese are selling goods at the cost price of their raw material?

Mr. Spink.—Not as a general rule. I should not contend that: otherwise we should immediately know that there was definitely something wrong somewhere. But we do know in other instances they must make a profit: otherwise they could not go on. We cannot understand it.

Mr. Batheja.—One may not understand another man's position. Does it necessarily follow that his position is unfair?

Mr. Spink.—We know that their wages are lower.

Mr. Batheja.—Is it generally true that taking the most important lines the Japanese are selling their goods at the cost of raw material?

Mr. Spink.—I should say not as a general rule.

Mr. Batheja.—There may be isolated instances?

Mr. Spink.—Yes.

Mr. Batheja.—When certain mills go into liquidation in India and when war stocks were sold (there were surplus stocks and so on), it is quite possible in the home country and outside the home country goods are sold at a price less than the cost of raw material. There may be one or two instances, but from that one cannot draw a general conclusion, and unless you are prepared to make a general statement that Japan in the bulk of her goods sells in India at a loss or at the cost of the raw material, we cannot accept your statement. Do you maintain that?

Mr. Spink.—I do not maintain that.

Mr. Batheja.—So that that statement is not applicable to Japanese competition?

Mr. Spink.—It is difficult to explain how they do it. They are doing it and the result is disastrous not only to the United Kingdom but to other countries as well.

Mr. Batheja.—You have laid great stress on the exchange advantage which Japan enjoys; do you regard that as a permanent or a temporary factor?

Mr. Spink.—It is a difficult question to answer; one cannot say what is going to happen to Japan financially.

Mr. Batheja.—You regard the French, German and Polish and the rest of the competition up to 1932 as fair and the Japanese competition as unfair and you distinguish clearly between the two kinds of competition. I want to know what is at the back of your mind when you make that distinction.

Mr. Spink.—I cannot understand how Japan can make and export goods to various countries at the prices at which she is doing, and which is undoubtedly extending to the whole of their trade, irrespective of piecegoods.

Mr. Batheja.—I grant that. As a matter of fact in certain years I can show you abnormal imports from certain countries. Would you regard such state of things as permanent?

Mr. Spink.—That is rather a big question.

Mr. Batheja.—It may be simply abnormal for some years?

Mr. Spink.—For a moment take your mind back to the cotton situation. We thought it could not last; but it is going on and it has become more intensive than ever.

Mr. Batheja.—Would you accept the statement that if such a phenomenon is perceived over a number of industries over a long time, it may possibly be due to superior technique and superior organisation and in fact also to reduced cost of production?

Mr. Spink.—Not altogether, and apart from those you mention there are many other factors which intervene.

Mr. Batheja.—What are those circumstances? Do you maintain that these conditions can be maintained indefinitely over a long period in a number of industries? I know it is the policy of certain cartels to have discriminating prices in certain markets; take the Standard Oil Company which has got one price in one market and another in another market. But can it be maintained over a long period and in a number of industries?

Mr. Spink.—What period are you thinking of, five years or ten years?

Mr. Batheja.—Say 10 years, unless they are doing it by superior efficiency and also reduced production costs.

Mr. Spink.—Suppose it is their intention to capture any particular trade, once they have captured that trade they have the market to themselves. If your or our industries are going to be made bankrupt it will be very difficult to re-start them again.

Mr. Batheja.—That might happen with French competition, that might happen with German competition. For some time Polish yarns were coming in large quantities and driving out the English. Why don't you advocate the same method against Continental countries?

Mr. Spink.—Because the difference is nothing like so great but the difference between the United Kingdom prices and Indian prices on the one hand and Japanese prices on the other is tremendous.

Mr. Batheja.—Coming to this difference of prices are you quite sure that you are comparing the same class of goods? It is a common fallacy to compare a higher class material with higher cost with a low class material.

Mr. Spink.—I am taking type for type; I am talking about woollens and worsteds, normal qualities made in India and in the United Kingdom and the same cloth made in Japan.

Mr. Batheja.—What quantities are effected by that comparison?

Mr. Spink.—They are taking up the bulk of our lines now.

Mr. Batheja.—Can you support that by giving any figures?

Mr. Spink.—We have got the figures here.

Mr. Batheja.—Our difficulty is that we cannot separate the figures.

Mr. Spink.—Piecegoods all wool and mixtures are shown separately.

Mr. Batheja.—On the other hand, looking at the production statistics—of course these are not comparable figures—but if you take the average values, you will find that British articles have got a much higher average value than the Japanese article and it is also reasonable to argue from theory that because England does not manufacture only for the tropical market but also for other markets in Europe, Canada and so on where the cold is very severe, she is specialising in higher class materials whereas Japan is specialising in low class material in which Japan has a distinct advantage.

Mr. Spink.—It is the difference in the price of the same quality that I am thinking of. Our price of, say, a mixture cloth would be 4s. and the Japanese would be 2s. 3d. for the same article.

Mr. Batheja.—I won't pursue this point further.

Mr. Spink.—I can only go on the figures which we have here for the last 10 months. You have got "all-wool piecegoods and mixtures" from the United Kingdom 3,600,000 and from Japan the same type of goods more or less nearly 7 million yards.

Mr. Batheja.—If you will look at this return you will find that Japan so far as British woollen goods are concerned a year back was a much better market for Great Britain than India ("Trade of the United Kingdom"). British imports into Japan of woollen goods and mixtures were greater than those to British India. It may be that Great Britain specialises in certain higher class articles and Japan is importing these very articles from Great Britain while she is producing a low class article suitable for the tropics and these have an advantage over British goods in the Indian market.

Mr. Spink.—I contend that Japan is supplying in this market the same type of goods that we deliver; in certain qualities it is difficult to tell whether it is made in United Kingdom or in Japan.

Mr. Batheja.—As a matter of fact Great Britain has been a greater teacher in the matter of industries than any other country including France, Germany and Italy. They are following great Britain. Do you maintain that British goods have not been imitated by France, Italy or Japan?

Mr. Spink.—Not so much by France.

Mr. Batheja.—Are French goods imitated in Yorkshire?

Mr. Spink.—A very small proportion. We have not made a wholesale copy of cloths, as Japan has done.

Mr. Batheja.—The whole effect on civilisation of international trade is that one country copies another. You say there is an element of unfairness in the Japanese competition?

Mr. Spink.—I maintain they are selling at uneconomic prices but I cannot give you their costings.

Mr. Batheja.—Uneconomic to you or to the Indian industry or to Japan?

Mr. Spink.—So far as the rest of the world is concerned. There is no country in the world which can approach them, not by 5 per cent. or 10 per cent., but by a much greater margin. There has never been such a phenomenon before and it is becoming increasingly dangerous. It has become a definite menace and we have got to tackle it at the very outset and the Indian mills must also do the same otherwise the whole of the United Kingdom and Indian trade will be lost.

Mr. Batheja.—Another point is this: You are not opposed to the increase in Indian production?

Mr. Spink.—Not the least.

Mr. Batheja.—And you should like to reserve as far as possible a major share of the Indian demand for the United Kingdom and India?

Mr. Spink.—We have not asked for the major share. We say "our desire is not to seek special privileges in the Indian market but to accept such rulings as will make for equal competition between all suppliers of wool textiles to the Indian market".

Mr. Batheja.—What do you mean by "equal competition"?

Mr. Spink.—A reasonably fair equation of prices.

Mr. Batheja.—You again come to the word fair!

Mr. Spink.—I mean a normal equation of prices as far as possible.

Mr. Batheja.—You would like prices to be equated; do you mean German, French and Italian prices also?

Mr. Spink.—We do not look upon these countries as being unfair competitors as I have already said. I don't think any supplier of goods to India has the right to say that he should have a certain share of the market. We only want such share as we can get in equal competition.

Mr. Rahimtoola.—You don't want any reservation of the Indian market; what you want is equal competition?

Mr. Spink.—Yes. I contend that the competition from Japan is uneconomic, and does not allow of equal competition.

Mr. Batheja.—You are aware that under our treaties we can discriminate in favour of United Kingdom, but we cannot discriminate against Japan and if we discriminate against Japan, we shall have to discriminate against the rest of the world except United Kingdom.

Mr. Spink.—Yes, I realise that.

Mr. Batheja.—So that we will have either to equate prices which could be done by putting up the duties or fix quotas. We shall have to raise the duties or fix these quotas against all other countries.

Mr. Spink.—Yes, except United Kingdom.

Mr. Batheja.—If the quota is effective, if the protection is effective or if the preference is effective, in whatever way we might put it, it amounts to a reservation of the all future expansion of the Indian market for the Indian industry plus the English industry.

Mr. Spink.—Not necessarily.

Mr. Batheja.—Because the residual share goes to you and the Indian industry.

Mr. Spink.—Why should it? It is a quota against Japan only?

Mr. Batheja.—It would not be against Japan only. If there is going to be a quota against Japan, there will have to be a quota against every other country.

Mr. Spink.—Is that so? Must you have a quota against every other country?

Mr. Batheja.—Under the trade agreement with Japan, we cannot discriminate against Japan only. We can discriminate in favour of United Kingdom.

Mr. Spink.—I understood that quotas were not included in the Most Favoured Nation Clause.

Mr. Batheja.—If you raise the tariffs, the duty against Japan will have to be so high that it will cover every other country.

Mr. Spink.—Tariffs are not sufficiently flexible and cannot be, owing to the tremendous differences in prices so far as Japan is concerned.

Mr. Batheja.—There are two alternatives. The first alternative is to grant bounties. I suppose you don't suggest that.

Mr. Spink.—I do not know exactly what you mean by bounties, unless you mean subsidies.

Mr. Batheja.—By bounties I mean subsidies. We need not consider that at the present moment.

Mr. Spink.—No.

Mr. Batheja.—What I wish to point out is that ultimately if a quota or a tariff policy is adopted against Japan, it will have to be adopted against the rest of the world *minus* United Kingdom.

Mr. Spink.—That could be done according to the constitution.

Mr. Batheja.—The effect of that will be the reservation to the Indian and to the United Kingdom industries of the residue, is that not so?

Mr. Spink.—If a quota is put on against Japan, I take it, it has to be put on against other foreign countries except United Kingdom. That reservation can be made. If these quotas are sufficient to allow these continental countries more or less to export to India the amount of goods they have been accustomed to export, I don't see how the residue of what the Indian mills cannot manufacture, is going to come entirely to the United Kingdom.

Mr. Batheja.—The residue arises as a result of the expansion of the market in India.

Mr. Spink.—In any case we are not asking for that.

President.—You are asking for a fair field to compete in the expandable market of India?

Mr. Spink.—Exactly.

President.—That is what my colleague means.

Mr. Spink.—We are asking for a fair field. We are not asking that we should have all the residue of the demand which the Indian mills are not able to meet.

Mr. Batheja.—Just at present England has the largest imports barring Japan and if Japan is kept out by some means, that won't disprove my point which is that a good portion of the market will be reserved for United Kingdom and India.

Mr. Spink.—Essentially.

Mr. Batheja.—It is the ambition of the Indian industry to get even cent per cent. of the market even against England. I don't deny that some of the mills have got their own ambition. That being so, the question which arises for consideration by the Tariff Board is whether the needs of the consumer will be satisfied in the future at a reasonable price from these two countries, United Kingdom and India.

Mr. Spink.—What about other countries? They are certainly going to supply a fair proportion.

Mr. Batheja.—Their costs are lower than yours. Their costs are lower than those of the Indian industry. In this argument I am linking India and England together. I am looking at the point of view of the consumer. Will the Indian industry combined with the English industry be able to supply the requirements of the consumer which are hitherto being supplied by Italy, France, Japan at reasonable prices?

Mr. Spink.—We are not asking for a quota which will eliminate all competition. Therefore the other countries concerned apart from Japan, would also be able to supply.

Mr. Batheja.—You have not defined the contents of a quota. When my colleague asked you for information about the quota, you said that you are not only demanding a quota but you are demanding protection and quota.

Mr. Spink.—I am not demanding. I have to be very careful that any quotas that may be levied or any tariffs that might be increased do not apply to the United Kingdom.

Mr. Batheja.—There is a question arising from that point. Do you interpret the Indo-British Agreement as being such as to exclude the quota against Great Britain?

Mr. Spink.—So far as I am aware, quotas are not mentioned in the Indo-British agreement.

Mr. Rahimtoola.—It is only a question of duties.

Mr. Spink.—Yes.

Mr. Batheja.—So that you might see that quotas might be applied.

Mr. Spink.—That is what we don't want.

Mr. Batheja.—I want your opinion on the interpretation of the Indo-British Trade Agreement.

Mr. Rahimtoola.—My point is under the agreement it is still open to the Tariff Board to recommend quota against Great Britain. It is not prohibited under the agreement. Your suggestion is that it should not be applied to the United Kingdom.

Mr. Spink.—Yes, definitely.

Mr. Batheja.—You don't claim any exemption from a quota for United Kingdom under the agreement?

Mr. Spink.—We don't claim anything. So far as that agreement is concerned, it only relates to tariffs. I have not come to say what I am going to get. I have come to ask.

Mr. Batheja.—Is it true Mr. Spink, that compared to French, Italian, Japanese, German and Polish costs, the costs of the woollen industry in the United Kingdom are higher?

Mr. Spink.—I presume they are, but I have no figures to that effect.

Mr. Batheja.—Is it your general impression?

Mr. Spink.—My own impression is that the United Kingdom manufacturing costs are higher than the countries you have mentioned.

Mr. Batheja.—Then to the extent that the costs of the Indian industry and the United Kingdom industry are higher than those of Japan or Italy and so on (interruption).

Mr. Spink.—I can't say anything about the Indian industry. I don't know what their costs are.

Mr. Batheja.—I am laying down a general proposition. In this argument, as I told you, I am taking into consideration the interests of the consumer. I am coupling the Indian industry and the United Kingdom industry together, because both want an increase of duty. To the extent your costs and the Indian costs are higher, the duties to be applied against Japanese and Italian goods will have to be higher and the margin of preference given to the United Kingdom will also have to be higher.

Mr. Spink.—That is automatic. The cost of our goods to this country would not be any higher on that account.

Mr. Batheja.—Your costs in general. If Yorkshire produces goods, at a lower price, then in equating their selling price with Japanese import prices and so on, the margin of preference will have to be lower, isn't that so?

President.—That has been accepted. Mr. Spink's point is that it does not necessarily affect the prices of the United Kingdom goods.

Mr. Batheja.—I am not concerned with that at all. Is the British industry as efficient as the Continental industry?

Mr. Spink.—I consider the British industry is very efficient.

Mr. Batheja.—Compared to the French and the Italian industry?

Mr. Spink.—Yes.

Mr. Batheja.—Why was it thought necessary to protect the British Woollen industry by having 10 per cent. duty on yarn and 20 per cent. on French goods?

Mr. Spink.—Our costs are higher.

Mr. Batheja.—I am talking of efficiency in terms of costs.

President.—Efficiency does not necessarily mean lower costs.

Mr. Batheja.—That is the only way in which the world understands the term.

President.—That would be misleading.

Mr. Batheja.—I have explained my point to Mr. Spink. I hope you won't feel hurt by these remarks. We have asked similar questions of our own mills, Bangalore, Bombay and so on.

Mr. Spink.—I am not hurt in the slightest.

Mr. Batheja.—I am considering the interests of the consumer.

President.—The only point I want to make clear is this: when you use the term efficiency you mean low cost of production. In the case of Great Britain, this depends on the wages which are peculiar to Great Britain. They may differ from any other Continental country. Efficiency does not necessarily mean low cost of production, in the sense in which Mr. Spink uses it.

Mr. Batheja.—I quite understand your point that you don't want to oppose the interests of the Indian producer, but in relation to the consumer in India the claim of the Indian industry as well as the claim of the British industry for higher tariffs or quota will have to be considered. I am not differentiating between England and India.

Mr. Spink.—Tariffs and quotas must affect to a certain extent the consumer, but the incidence so far as the consumer is concerned is very small, but the aggregate means the life of the industry. You cannot put on tariffs and quotas without affecting the consumer. The question is how much it would affect the consumer in comparison with the industry.

Mr. Batheja.—That is the balance of considerations we have to take. I don't want to pursue the point. I am coming back to the same point again. The cost of production in Yorkshire as compared with Germany, France and Italy is higher.

Mr. Spink.—I would not say that it is higher than Germany.

Mr. Batheja.—I am willing to omit Germany. Say Italy and France. If the cost of production is higher, the margin of preference may be higher and then other countries irrespective of the agreement between India and Great Britain may object to the increase of margin.

Mr. Spink.—But this agreement has been made.

Mr. Batheja.—I accept all the facts. I talk of the possible consequences on the consumer in India and that argument holds good not only against Yorkshire but against Cawnpore, Bombay and so on. I am also talking of the repercussions on our international trade. I can give you the figures unless you are willing to take them on trust. Our balance of trade with Italy is far more favourable.

Mr. Spink.—Than what?

Mr. Batheja.—We sell more to Italy than Italy sells to us.

Mr. Spink.—The total volume of trade between the United Kingdom and India is certainly far more important than the trade between India and any other country in the world. So far as India is concerned, the total volume of trade between our two countries is certainly far greater than the trade between India and Japan.

Mr. Batheja.—That is due to many conditions. As a matter of fact certain countries may acquire vested interests or other countries may step in to increase their trade and so on. I am not talking of that. I am talking of the possibility of a reprisal against our trade with these countries. Italy for instance has, as I told you, an unfavourable trade with India and if Italian imports are shut out, Italy may retaliate.

Mr. Spink.—I am not asking you to shut out Italian imports.

Mr. Batheja.—For quotas do you accept the figures of last year? You don't want to shut out Italy.

Mr. Spink.—We don't want to shut out anybody but Japan.

Mr. Batheja.—You don't want to shut out Italy inspite of the rate at which Italy is progressing in woollen imports?

Mr. Spink.—That is rather a leading question which I prefer not to answer straightway. All I say is that we are not complaining about that particular competition.

Mr. Batheja.—I am referring to the possible effect of helping the Indian industry and the Yorkshire industry at the expense of other rivals.

Mr. Spink.—I am not asking for any further preferential treatment with the exception of Japan.

Mr. Batheja.—Mr. Spink, as I have already explained to you, the point is whether this will amount to protection or preferential treatment. These are hard facts of the situation.

Mr. Spink.—That is for you to decide. I want you to recommend if at all possible that any increased duties or quotas do not apply to the United Kingdom.

Mr. Batheja.—It will amount to preference against Italy, against Germany, against France and with all these three countries, we have favourable balance of trade and they can hit us back.

Mr. Spink.—I think we are a little closer to India than say Italy or France.

Mr. Batheja.—I am just placing before you all the consequences.

President.—Is not preference, preference against all other countries?

Mr. Batheja.—Much depends upon the degree of preference.

President.—That is one of the difficulties of trying to deal with the Japanese menace by tariff.

Mr. Batheja.—We shall discuss this point at a Board meeting and not with the witness, if you don't mind.

In claiming preference against these countries, or claiming quotas against these countries, have you taken into consideration the possible repercussions on our trade with Germany, France and Italy?

Mr. Spink.—Does not that depend a great deal as to what preference United Kingdom gets against these countries? If preference amounts to 40 or 50 per cent., I can quite imagine they will have something to say.

Mr. Batheja.—When you take into consideration Japan's selling prices, the barrier against Japan will have to be fairly high. *Ipsa facto* it will have to be high against other countries as well.

Mr. Spink.—It is impossible to equate our prices with Japanese prices by tariffs alone.

Mr. Batheja.—I explained to you the difficulty of our position that Japan has to be treated on equal terms with other countries.

Mr. Spink.—That is why we want quotas, so that Japan could put into this market a reasonable amount of goods, but not flood the market to the detriment of everybody else—in other words to prevent them killing not only the other industries but also the woollen industry of this country which they will certainly do if unchecked.

Mr. Batheja.—Whether they are tariffs or quotas, they will have to be applied to all countries.

Mr. Spink.—Not to the United Kingdom.

Mr. Batheja.—I am not prepared to express an opinion on that point. Leaving aside the United Kingdom for the present, if quotas are to be applied

Mr. Spink.—To other countries *minus* United Kingdom.

Mr. Batheja.—I am omitting United Kingdom for the present.

Mr. Rahimtoola.—The point is that under the new Trade Agreement there can be no differential duties on Japan as against other countries except United Kingdom. So Mr. Batheja's point is that if Japan is the only competitor in the Indian market, whatever protection which the United Kingdom and India get will be not only at the expense of Japan but at the expense of other countries.

Mr. Spink.—I understand that.

Mr. Batheja.—Would you prefer to have quotas rather than tariffs?

Mr. Spink.—We must have a quota. It is entirely up to the Tariff Board to recommend increased tariffs or not.

Mr. Batheja.—I am trying to elicit your opinion. I want you to assist us. You say that you would prefer a quota.

Mr. Spink.—We prefer a quota: we also want more preference if we can get it.

Mr. Batheja.—In what form would you like to have—an *ad valorem* or a specific duty?

Mr. Spink.—*Ad valorem*.

Mr. Batheja.—In the body of the memorandum submitted by the Wool Textile Delegation, in some places, they have expressed a preference for a specific duty. Is there any reason for that?

Mr. Spink.—I do not know. I said *ad valorem* because it would be a simpler way of administering the duties.

Mr. Batheja.—Will you please look at paragraph 2 of the Wool Textile Delegation's memorandum? Is there any special reason for their saying that the differences between their selling prices and the prices of other foreign countries justify the recommendation by the Board of differential duties on all kinds of wool tissues and wool yarns, imposed by means of specific duties on foreign goods?

Mr. Spink.—I am wondering whether the word specific was used in that sense.

Mr. Batheja.—Is it not used in the technical sense?

Mr. Spink.—That I do not know. I do know the difference between the specific and *ad valorem* duties and what advantage one has over the other.

President.—From the wording of the paragraph above, it appears that they have not used the word "specific" in the technical sense.

Mr. Spink.—Yes, because you will find they have referred to *ad valorem* duties in the paragraph above.

Mr. Batheja.—You say that you would prefer quotas. Have you considered the difficulty of applying quotas? Have you in mind any basic period which may be regarded as normal for this purpose?

Mr. Spink.—So far as Japan is concerned?

Mr. Batheja.—I am afraid, we are coming back to the same argument. A quota against Japan must mean quotas against other countries.

Mr. Spink.—There is no particular complaint against other countries.

Mr. Batheja.—What basic period would you suggest? After all a certain basic period may not benefit you and certain basic periods may be of benefit to you.

Mr. Spink.—The same as mentioned by the Bombay Millowners Association.

Mr. Batheja.—You mean the last five years.

Mr. Spink.—Not so far as the United Kingdom is concerned.

Mr. Batheja.—I have not really thought over that question because the Trade Agreement requires very careful consideration.

Mr. Spink.—I would suggest the same period as stated by the Bombay Millowners Association.

Mr. Batheja.—Is that period a normal period?

Mr. Spink.—There is nothing normal about Japanese imports. We are not budgeting for a normal period but budgeting for an extraordinary period.

Mr. Batheja.—Everything in imports in that period goes up and down suddenly.

Mr. Spink.—Trade does move up and down. It does not remain stationary.

President.—There may be some confusion of thought here. The point at issue is that you want a quota against Japan to deal with the Japanese menace as you called it. You are not particularly interested, I gather, how the quota is arranged against other countries. Any quota against Japan based on a period will be effective against them because they have only started competing seriously in the last year 1934-35. Any quota which omitted that year and included any other year must be effective against Japan. You don't mind how the quota is fixed against any other country, so long as it is effective against Japan. That is really the point at issue.

Mr. Spink.—That is so.

President.—Any quota based on a period will be effective against Japan.

Mr. Spink.—Apparently.

Mr. Batheja.—A quota based on a certain basic period may be fair to Japan and a quota based on another period may be unfair to Japan.

Mr. Spink.—It is entirely for the Tariff Board to make their own decision as to what they consider fair and unfair.

Mr. Batheja.—As I explained to you, there was a time when Japan faded out of the picture altogether so far as piecegoods imports were concerned possibly because Japan was on the gold standard.

Mr. Spink.—You say that Japan faded out. I may say they never had this business before. They had their own particular business such as light weight Wool Cashmere and Wool Tafetta and real silk which formed the bulk of their exports. The present figures represent an entirely new trade for them, which has sprung up during the last three or four years.

Mr. Batheja.—It has sprung up in spite of the 50 per cent. advantage enjoyed by England over other Continental importers. It has sprung up in spite of the large advantage which is enjoyed by the United Kingdom. The United Kingdom has a preference of 10 per cent. against Japan and then it has, as I explained to you, an exchange advantage of 40 per cent. against certain countries. If you are stressing very seriously the exchange argument against Japan then I may say that so far as the Indian exchange is concerned, England has an exchange advantage of 12½ per cent.

Mr. Spink.—Over what country have we an exchange advantage of 40 per cent.?

Mr. Batheja.—Against France and Italy you have about 40 per cent. advantage.

Mr. Spink.—So far as the Indian markets are concerned, that is not effective.

Mr. Batheja.—I shall not dwell on this point further. Suppose a quota is established against Japan, have you considered the difficulty arising out of the possibility of evading the quota by some Japanese merchant or some other merchant settling, say, in France or even in London?

Mr. Spink.—That is bringing up issues which we have not thought about.

Mr. Batheja.—He may import the Japanese goods into London or Paris and send them from there to India?

Mr. Spink.—That would be a point to tackle when it arose.

Mr. Batheja.—In the silk industry we have heard of some instances. Certain people imported Japanese goods in England, destroyed their Japanese marks of origin and sent them to India at a preferential rate.

Mr. Spink.—I don't think, speaking generally—more than generally—a British merchant would do that.

Mr. Batheja.—The London trade is open to the whole world.

Mr. Spink.—There is a tremendous sale of Japanese silk in United Kingdom.

Mr. Batheja.—Anybody can set up an office in London. There is no restriction.

Mr. Spink.—It would soon be discovered. Of that I am quite certain. It is not a British trait in any case. With regard to the question of evasion of quotas, the matter crops up in respect of fents. As we have seen on the cotton side, the imports of fents into India from Japan have increased enormously since the introduction of the quota.

Mr. Batheja.—That is why I am explaining to you the difficulty of administering the quota system. I am considering the question of quotas versus tariffs. I have passed on to another problem. Do you know of any other difficulties?

Mr. Spink.—Fents and to a lesser degree ready made garments. But fents, I think, are very important and I believe—though I am not quite certain—that point has been mentioned or stressed by the Bombay Mills.

Mr. Batheja.—Do you think that the quota may be evaded? Do you consider that such an evasion is a practical possibility?

Mr. Spink.—It has been evaded in cotton goods.

Mr. Batheja.—Anyway, you don't regard this as a practicable proposition that Japanese goods may be imported into England and then sent back to India?

Mr. Spink.—It is possible. That is a matter to deal with when it does arise.

Mr. Batheja.—When we are considering whether we should have protection in the form of quotas or in the form of tariffs, this has to be considered. We cannot consider the matter when it arises. We cannot postpone the problem.

Mr. Spink.—Mr. Moss points out that it has not happened in the case of cotton goods.

Mr. Batheja.—I have heard of instances in silk. Wool is an expensive article and it shares the honour with silk of being an expensive article.

Mr. Spink.—It is a matter which I have not studied.

Mr. Batheja.—You would prefer not to express an opinion?

Mr. Spink.—I would prefer not to.

Mr. Batheja.—Are there any idle woollen spindles in Yorkshire or in England? Do you know from your general knowledge?

Mr. Spink.—It fluctuates according to the season of course.

Mr. Batheja.—Is there any larger unemployment in the woollen industry?

Mr. Spink.—Usually, for the spring season the spindles are pretty well occupied. Is not that so, Mr. Addyman?

Mr. Addyman.—I should think so.

Mr. Batheja.—From your experience of England do you know whether there is a larger unemployment in the woollen industry as in other industries?

Mr. Spink.—I would not say it is very large. It varies according to the season or time of the year. Take the Tweed district. Most of the mills relied on the Indian orders to carry them through to their autumn season.

Mr. Batheja.—Is the total capacity of the woollen industry very much greater than its present output?

Mr. Spink.—It must be.

Mr. Batheja.—By how much?

Mr. Spink.—That I cannot say.

Mr. Addyman.—The mills are certainly not working to full capacity.

Mr. Spink.—No.

Mr. Batheja.—I wish to know whether the problem of excessive spindles which exists in the cotton industry in Lancashire also exists in the woollen industry?

Mr. Spink.—I can only give you my own opinion. I don't think that it does, by any means, because we have a very big home trade in woollens and worsted apart from other export markets. It is an entirely different business in any case. But the position so far as I can see is that if this competition from Japan is allowed to proceed, there will be many more spindles idle in the United Kingdom than there are now.

Mr. Batheja.—I want to know whether there is a large equipment in the woollen industry of England which is lying idle and which the industry is carrying on its shoulders in the shape of interest charges, etc.? As you know, the relief which is sought to be given by the British Board of Trade to the Lancashire industry takes the form of scrapping the equipment which is not needed. They have scrapped 10 million spindles.

Mr. Spink.—That position has not arisen in Yorkshire.

Mr. Batheja.—You saw yesterday a range of samples of goods produced in India. Is there anything else which India cannot produce and which must be supplied from outside sources?

Mr. Spink.—I am sure the Indian industry must know that better than I do.

Mr. Batheja.—I ask you this because the Bradford Chamber of Commerce says that for a long time to come the Indian industry will not be able to supply and naturally I ask you this question as their representative.

Mr. Spink.—That is a statement by the Wool Textile Delegation.

Mr. Batheja.—On page 1 of their statement the chamber say "According to information in our possession the Indian wool textile industry is not large enough nor varied enough to supply the requirements of India's population and a considerable margin of these requirements must of necessity be satisfied by imported goods."

Mr. Spink.—I think that would be acknowledged by the Indian industry.

Mr. Batheja.—They do not acknowledge that; they say they can produce everything in India.

Mr. Spink.—Why don't they produce them?

Mr. Batheja.—As you say they can produce at a price. They cannot produce at the British price.

Mr. Spink.—That is their concern.

Mr. Batheja.—Just as you say you cannot produce the Italian blanket at the Italian price, they say they cannot produce at present prices. You saw a range of samples made by Indian mills; do they cover the English market in India. Is there something else which the market needs?

Mr. Spink.—I have seen the samples; but what cloths they have tried to make and have failed to do I do not know. They certainly can obtain any styles of British piecegoods from the bazaars and they can then copy any styles they care to manufacture and which they can produce at an economic price, but obviously, from the samples I have seen, they cannot make some cloths well. The finishing of the articles is not good.

Mr. Batheja.—As Great Britain cannot make certain goods at a certain price so also they say they cannot make those goods at that price.

Mr. Spink.—They have made them but the finished article is not as good.

Mr. Batheja.—Do you maintain that to the extent that the British industry is supplementary to the Indian industry and that so far as Indian consumers are concerned there is not much competition?

Mr. Spink.—The Indian mills say there is no serious competition between us.

Mr. Batheja.—That is not quite correct. In the course of their oral evidence (whatever position they may have assumed in their written representation) they said that they might require protection against the United Kingdom.

Mr. Spink.—I can only go by their written statement.

President.—The only qualification they make orally to their written statement is that they make that subject to the present duties being retained.

Mr. Batheja.—It is entirely a matter for the Government of India, to remove or increase the duties.

Mr. Spink.—There is the question of Japanese selling methods in this market, but I think that is more or less common knowledge, the dumping of their goods in the market.

Mr. Batheja.—What are their selling methods? Could you amplify that statement? What do you mean by dumping?

Mr. Spink.—A great deal of imports into this country of Japanese goods is not against indent or, in other words, has not been bought by the dealers. Many shipments to this country are on consignment and unloaded on the market.

Mr. Batheja.—Do you mean to say dealers have not ordered these goods?

Mr. Spink.—Exactly.

Mr. Batheja.—They are just exported into this country, unloaded and sold at whatever price they fetch?

Mr. Spink.—That is so. Not at whatever price they fetch; they are offered at a price which is much lower than the competitive price.

Mr. Rahimtoola.—This is not unusual in business. There are a large number of people in India who send goods abroad on consignment basis and they ask them to be sold at their account and risk.

Mr. Spink.—That is so. One is not complaining against consignment of goods to India, but against their selling methods.

Mr. Rahimtoola.—If I have got a business firm in Bombay, and if I get a consignment from Japan there is nothing wrong. I will sell it at their risk and cost and recover interest charges, insurance and so on.

Mr. Spink.—There is nothing wrong there but if you are going to force the goods on to the dealer in various ways

Mr. Batheja.—There is only one way of persuading the dealer to buy and that is by offering a tempting price.

Mr. Spink.—Suppose they send 20 cases of goods to India and these are taken by a dealer. They put another 20 cases on the market the same week and it is again offered to the same dealer at the same price. He is unwilling to take it as he has probably more than covered his requirements with his first lot, but he has very little option as otherwise the goods will be offered at a lower price to his competitor. That is the kind of complaint we have had from dealers; they say they cannot make a profit on Japanese goods.

Mr. Batheja.—We came across some complaints of that character in the Punjab.

Mr. Spink.—It is frequent. That I contend is not a fair way of selling.

Mr. Batheja.—What remedy would you suggest?

Mr. Spink.—If they hadn't so many goods to dispose of, it would not affect the market as it is doing to-day, that is to say, if a quota were applied.

Mr. Batheja.—As far as I can see that cannot be prevented by quotas or tariffs.

Mr. Spink.—It can be lessened.

Mr. Batheja.—Your remedy against that is to have an effective quota?

Mr. Spink.—I am now suggesting a remedy, an effective quota.

Mr. Rahimtoola.—If there is a quota there will be a great restriction to this method of business because they cannot send any quantity at any price.

Mr. Spink.—That is so. Many dealers have suffered from this method of selling and have got themselves into difficulties. Many dealers actually prefer to sell British goods because they can make a profit on them.

Mr. Batheja.—Probably in the representation which has been made on behalf of the Hosiery manufacturers they have not realised the importance of the growth of the Indian hosiery industry. The total imports have gone down and it is probable that the market has been captured by the Indian hosiery, of course aided by the cheap Japanese yarn.

Mr. Spink.—There again the Japanese may capture the Indian hosiery market before very long. In any case I cannot discuss that.

Mr. Batheja.—The British industry is aided not only by the ordinary preference in the Indian market, I presume it is also aided by the specific duty. The specific duty does not apply to British products?

Mr. Spink.—No. The question of yarn has not been particularly stressed but I wish to point out that it is on "all fours" with the piecegoods situation.

Mr. Batheja.—So far as yarn is concerned, if you look at the yarn figures of imports—I have looked up the world figures too—the British position in yarn was strongly challenged first by France, then by Poland, and both France and Poland have been driven out by Japan. The French exports in the international trade increased so much that they began to equal the British exports

Mr. Spink.—My point is this, that so far as the United Kingdom yarn exporters are concerned they want to be left alone; and that no quotas or extra tariffs should be applied to United Kingdom yarns.

Mr. Batheja.—I understand your position. In the Wool Textile Delegation's representation you have given the imports of yarn from Great Britain and you have shown a declining percentage. Do you base your claim that you have lost the market on percentage figures or on aggregate figures?

Mr. Spink.—That is a statement in the Wool Textile Delegation representation which I have no authority to discuss.

Mr. Batheja.—Take your own representation. Judging from these figures in these years you have not lost ground very much so far as these figures are concerned?

Mr. Spink.—But these figures are from 1932-33.

President.—I raised this point yesterday myself. I pointed out that the percentage had actually gone up to 42 per cent. in the year 1933-34 but in the year 1934-35 the percentage had gone down again to 17 per cent.

Mr. Batheja.—I wish to point out that the percentage figures are not so important because the total demand for yarn has increased enormously in India and most of the yarn goes to the handloom industry. We have been told that there is an essential difference in quality between Japanese yarn and British yarn. The British yarn is superior and manufacturers prefer to use that.

Mr. Spink.—I cannot discuss that point. I do not know what is the difference between Japanese and United Kingdom yarns, so far as qualities are concerned.

Mr. Batheja.—So far as the years after the war are concerned I notice that the United Kingdom position was not particularly strong. As a matter of fact in the years 1924-25, 1925-26 and 1926-27 Germany had the first position.

Mr. Spink.—Are you referring to piecegoods or yarns?

Mr. Batheja.—I am talking about yarn. You will notice that this disease is of old standing and is not created by Japan. In the first few years after the war the United Kingdom imports were not very large, but they were immediately challenged by Germany. Take 1924-25, 1925-26 and 1926-27. You will notice that Japan is nowhere in the picture. Coming to the years 1929-30, 1930-31 and 1931-32, United Kingdom lost ground to Poland and Germany and Japan's imports are nil.

Mr. Spink.—We are only concerned with the position as it is to-day and not as it was.

Mr. Batheja.—As it is to-day and as it was in 1913 as you put it.

Mr. Spink.—In 1932 Japan started importing yarn into this country.

Mr. Batheja.—After England went off the Gold Standard and got the Ottawa Agreement, her trade has increased.

Mr. Spink.—Have we got the latest figures?

Mr. Batheja.—The latest figures show large imports of Japanese merino yarns. So far as crossbreds are concerned, you don't realise the importance of the mill industry which has captured the market. On that score you don't have any complaint.

Mr. Spink.—We can't have any complaint against the Indian industry capturing its own market.

Mr. Batheja.—So far as merino yarn is concerned, Japan has certainly made a great advance, but we have heard that the quality of the Japanese yarn is inferior. Quality for quality it is not comparable.

Mr. Spink.—That is acknowledged.

Mr. Batheja.—Those who want to manufacture superior goods in spite of the higher price of British yarn, prefer to use British yarn.

Mr. Spink.—I think they do use British yarn.

Mr. Batheja.—Japanese yarn is fluffy and the garment made out of Japanese yarn does not last long. That is what we have heard. It may be possible that these two qualities have different fields. There may be indirect competition. So far as superior products are concerned, British yarn is preferred in spite of the lower Japanese prices.

Mr. Spink.—How does it affect the consumer? Is there much difference in the price of the finished article?

Mr. Batheja.—There is a difference in price, but the British article is preferred by people who really know the value of the article.

Mr. Spink.—Surely it is for the consumer to decide which to buy.

Mr. Batheja.—Just as people buy Italian blankets in preference to yours which might last for years and years, so people buy the Japanese yarns. That has increased the production of hosiery goods. The British hosiery goods are generally used by the richer classes and high class officers. As far as I can see this demand has not suffered very much.

Mr. Spink.—I agree.

Mr. Batheja.—So far as percentages are concerned, you are bound to see some decline, because the aggregate demand for yarn has increased enormously on account of the new tastes created by cheap Japanese yarn.

Mr. Spink.—The Japanese hosiery manufacturers will surely shortly take a keen interest in the Indian trade, to the detriment of the Ludhiana business.

President.—They have done well.

Mr. Batheja.—So far Ludhiana has been able to hold its own.

Mr. Addyman.—Have you any idea as to whether Japan is selling her cloths at lower prices in India than is realised in Japan itself?

Mr. Spink.—I have no information.

Mr. Addyman.—You have no idea as to what prices are being realised in Japan itself.

Mr. Spink.—No. I think very few of the goods they export are suitable for Japanese consumption.

President.—The nature of the home trade is probably different from the nature of the export trade.

Mr. Spink.—Exactly. The cloth which the Japanese men wear is a very good worsted. That was one of the biggest trades of Yorkshire in the past. They also export similar cloths to China as they do to India. I do not know what their Chinese selling prices are.

Mr. Addyman.—With reference to the cost of production in the United Kingdom it does appear to be higher than that of any other country. It is recognised of course that the standard of living of our textile worker is considerably higher also than in any other country, but we would like to know if Bradford is making any attempt to reduce its costs particularly on the weaving side.

Mr. Spink.—Will you use the word Yorkshire or United Kingdom instead of Bradford?

Mr. Addyman.—Yes. For instance in Japan a Japanese weaver will attend perhaps to 10 looms making these finest designs. She is enabled to do that because the looms are automatic. In the north some looms are of course automatic, but in Yorkshire the weaver attends to one loom or at the most two in the finest quality. Is there any reason why Yorkshire should not adopt the automatic looms?

Mr. Spink.—As you know I am not a manufacturer. I only know that United Kingdom production is the finest in the world.

Mr. Addyman.—Japan is equally good from the standpoint of weaving.

Mr. Spink.—Have you seen the samples?

Mr. Addyman.—From the samples sent to Indian market. I am referring to the samples you saw yesterday.

Mr. Spink.—You didn't show me any high class samples.

Mr. Addyman.—Samples of Japanese cloths are copies of Bradford.

Mr. Spink.—Those were medium qualities.

Mr. Addyman.—They are well woven. I want to know whether it is the Trade Union Organisation which prevented the introduction of automatic looms.

Mr. Spink.—That I believe has a great deal to do with it. You know that in the cotton industry it has been most difficult even to get a portion of the industry to tackle 8 looms per weaver.

Mr. Addyman.—There is not much hope of Yorkshire being able to reduce the weaving cost. That will always be a handicap as against Japan.

Mr. Spink.—The index figure may be reduced. I mean by the index figure, the cost of living figure, which would reduce United Kingdom costs to some extent.

Mr. Addyman.—When you discovered that the prices of the Japanese cloth was not more than the cost of raw wool in that cloth, did you take to-day's raw wool price or the price at the time when Japan purchased her wool?

Mr. Spink.—On the basis of the day's prices of wool.

Mr. Addyman.—Because Japan, as you know, made enormous purchases of wool about 1931-32 at very cheap prices.

Mr. Spink.—Below the normal rate?

Mr. Addyman.—Japan made enormous purchases at advantageous prices in 1932. Perhaps that is not exhausted. What we would like to arrive at is whether these low prices from Japan are going to be temporary or permanent.

Mr. Spink.—We can only cite the case of the cotton industry where it has gone on for so many years.

Mr. Batheja.—Mr. Moss, did you send these statements about production in Japan?

Mr. Spink.—No, he did not. They were sent by the Bengal Chamber of Commerce.

President.—This concludes our examination, Mr. Spink. We hope you feel that your visit has not been entirely fruitless. From our point of view we should probably have found your evidence more useful, if you had been coached by the Wool Textile Delegation as well as you have been by the Bradford Chamber. But I am not saying that you have not been very useful to us. As my colleague said, we welcome your visit to India very greatly and we ask you to thank your Chamber on our behalf for having taken the trouble to send you.

Mr. Spink.—Before closing, Mr. President, I should like, if you will allow me to express to the Board on behalf of my Chamber their appreciation of the extension of these proceedings in order to allow of my arrival from England to give oral evidence in support of the written statement.

I should also like to thank you on behalf of my colleague, Mr. Moss and myself for the very courteous manner in which you and your colleagues Mr. Batheja, Mr. Rahimtoola and Mr. Addyman have received us. We have only been in Mahabaleshwar a very short time, but we shall leave it with a happy memory whatever the outcome of this enquiry may be.

Naturally it is my sincere hope and that of my Chamber that my long journey will not have been in vain. Mr. President and Gentlemen, I thank you.



सत्यमेव जयते

MESSRS. SANKALCHAND G. SHAH AND COMPANY, BOMBAY.

**Evidence of Mr. SANKALCHAND G. SHAH recorded at
Bombay on Wednesday, the 13th March, 1935.**

President.—You are Mr. Sankalchand G. Shah?

Mr. Shah.—Yes.

President.—Do you own your own business?

Mr. Shah.—I am the proprietor of the firm of Messrs. Sankalchand G. Shah and Company; I am also Secretary of the Yarn Merchants Association of Bombay.

President.—How many members are there?

Mr. Shah.—There are 60 members.

President.—Are they all importers?

Mr. Shah.—No. About 30 members are interested in woollen yarns; others are interested in other yarns Indian and imported.

President.—Do you import other yarns also?

Mr. Shah.—Yes.

President.—What is your most important line?

Mr. Shah.—Artificial silk yarn.

President.—You have put down the proportion of your importations at 80 per cent. from Japan, 10 per cent. Polish, 7 per cent. British and 3 per cent. from France. Since when were these proportions in force?

Mr. Sankalchand.—For the last five years.

President.—Was it as big as 80 per cent. from Japan?

Mr. Sankalchand.—We are importing in larger and larger quantities from Japan; during the last two years the imports have been greater and last year it was more than 80 per cent.

President.—Five years ago they were less?

Mr. Shah.—It was something like 40 per cent. At that time English imports were higher and so from Poland. May I make the position clear? I have given you these import figures in connection with my own firm and in connection with the firms of the Association members. I am not talking of the general imports through the Bombay Customs.

President.—I understand that. It is clear from the general Customs statistics that since 1928 English and German yarn imports have been going down; English particularly have been steadily going down and Polish had gone up during the same period until 1932-33 and their place has been taken by Japan.

Mr. Shah.—Yes.

President.—Japanese yarns practically did not come in at all until after 1931-32?

Mr. Shah.—Quite so.

President.—In the last five years it is almost true to say that there has been a newly established hosiery industry in India. Have you any views about the reason for this spread in the hosiery industry in India?

Mr. Shah.—Yes; I am myself interested in these lines and have been dealing with these people since the last five years. The reason is that the margin that the hosiery industry is getting is much better than in the cotton industry. Formerly the hosiery people were using cotton yarn and making cotton hosiery. As a matter of fact I first tried to introduce woollen yarn and advised them to try woollen yarn and turn out woollen goods

which would give them a better margin of profit as compared with cotton goods. The first imports of woollen yarn were through me for hosiery purposes. I tried to help them in getting these woollen yarns from Poland, Germany and propaganda was really started in those places and particularly in the Punjab by me and they began to get better profit. As a matter of fact they got in the first year—that was in 1931—a profit of 30 per cent. Since then profits have been decreasing due to imports from foreign countries of finished hosiery goods but still they are getting to-day about 15 per cent.

President.—Since 1931 has the type of hosiery manufactures changed considerably: in 1931 was it chiefly of crossbred yarns?

Mr. Sankalchand.—Yes. In 1931 I introduced crossbreds and then I introduced superior types of woollen yarns. Prices being cheap and there being not much difference between the crossbreds and superior merino naturally people liked to have better quality at a cheaper price. In 1932 I supplied 70 per cent. crossbred and 30 per cent. merino, and now I have been supplying 80 per cent. merino and 20 per cent. crossbred.

President.—And the great bulk of that is from Japan?

Mr. Shah.—The great bulk of the merino is from Japan and crossbred from Indian mills as well as from Poland.

President.—Indian mills hold their own in crossbreds?

Mr. Shah.—They do up to 24s.

President.—When you say Indian mills what mills have you in view?

Mr. Shah.—The Indian Woollen Mills and the Raymond Woollen Mills. As regards the Cawnpore Mills I found their prices much higher than the Bombay mills' prices.

President.—Do you sell much yarn from the mills or do they do their own marketing?

Mr. Shah.—I have been selling on their behalf. Practically speaking they have no organisation in the upcountry markets of their own and they have been selling through merchants. I have been taking a large part of their production in crossbreds particularly of the Raymond Woollen Mills, almost the whole of their production, for the last three or four years and have been distributing them in the Punjab, United Provinces and other important centres.

President.—Is there any reason why in crossbred styles the Indian mills should not hold their own?

Mr. Shah.—I do believe that they can hold their own and there is no need for importing crossbreds because the Indian mills are able to produce as good a quality of crossbreds as the imported ones.

President.—And the prices are about the same?

Mr. Shah.—About the same; on the other hand as regards the counts supplied by the Indian mills they are what we call full counts whereas in the case of the imported stuff from Poland and Germany and all others they are metric counts. There is therefore this advantage to the consumer that the difference in the count comes to as much as about 5 per cent. May I make it a little clearer? For example take 2/20s crossbred; the Indian mill is spinning 2/20s full count; similarly the English suppliers have been supplying 2/20s full count. If you import the same thing from Poland it will not be 2/20s but it will be something like 2/18s or 17s count because it is metric count.

President.—Polish counts differ from English counts?

Mr. Shah.—Yes. Therefore the consumer is losing to that extent. Supposing the consumer wants to use 2/20s he can buy from Indian mills 2/20s full count but if he buys Polish he will have to buy 2/23s or 24s and pay proportionately higher price.

President.—You are comparing prices of Polish yarns?

Mr. Shah.—All continental yarns except English: even Japan is metric count.

President.—So that in comparing prices you have got to take this into account?

Mr. Shah.—Yes.

President.—How does it vary in the higher counts, say, 60s/64s?

Mr. Shah.—5 per cent. will be quite all right. That is a very important matter to be taken into consideration because the consumer is losing to that extent and we have got to explain that to the consumer.

President.—I suppose by this time the consumers understand that?

Mr. Shah.—The consumers do not: the manufacturers of hosiery do not understand that; they feel that 2/24s is 2/24s.

Mr. Addyman.—The result is the weight of their goods may be heavy but the length is less?

Mr. Shah.—Their production in hosiery is less compared with the English or Indian counts. The length is also less. The Indian mills have been using the standard of English counts and naturally almost all the yarn produced can be said to be full count, but Japanese, Polish and German are all metric counts.

President.—When you say that you have been dealing with these people in the North, are you referring to the hosiery manufacturers? Are you dealing with the Association or individuals?

Mr. Shah.—In certain parts of the country particularly in Ludhiana, Hoshiarpur, Peshawar and the North Western Provinces we have been dealing direct with the hosiery manufacturers. They have got certain machines and they are our regular customers.

President.—How did you get to know them?

Mr. Shah.—I have got my own branches all along the country, and in some places I have got my representatives going round.

President.—You are in touch with the direct consumers of yarn?

Mr. Shah.—Yes.

President.—And you claim that you have been instrumental in enabling them to get cheap merino instead of crossbreds?

Mr. Shah.—Yes. I may further add that the taste is improving now. Formerly they were taking crossbreds and now they do not because they are getting a better margin by using merino and the buyers also are more than pleased that they are getting a softer stuff.

President.—That confirms our own observation. At the same time the imports of knitting yarn have been coming down. What are the knitting yarns used for?

Mr. Shah.—They are used for those small lines such as table cloths and such things.

President.—Are they used on a commercial scale?

Mr. Shah.—They are used on a commercial scale; there is a big demand all the year round.

President.—What type of manufacturers use them; are these used by hosiery manufacturers?

Mr. Shah.—Knitting yarns are generally taken by the ordinary knitting people who are different from the hosiery people. They have got small looms and also hand knitting machinery and these are spread throughout the country.

President.—It is a cottage industry?

Mr. Shah.—Yes.

President.—The people who do knitting, do they do it for domestic consumption or for sale as well?

Mr. Shah.—Domestic consumption is very small; it is mostly for sale.

President.—We heard very little about knitting establishments. I suppose they are entirely unorganised?

Mr. Shah.—They are scattered all over the country and the consumption is throughout the year, whereas in the case of the hosiery and weaving industry the consumption is only in particular months.

President.—I suppose it is a part time industry?

Mr. Shah.—Quite so.

President.—In your paragraph 3 you refer to the list of prices which you have not sent in.

Mr. Shah.—I am sorry I have not been able to prepare them, but I will send them to you later on. I think you will require for comparison rupees with yen. At a particular time of the year the prices may be something in yen but the exchange may be different so I would like to calculate the whole thing after looking into the exchange figures and put them into rupees.

President.—What do you propose to give?

Mr. Shah.—Standard counts in 2/20s will be hosiery, 4/13s will be knitting, weaving 2/64s and 1/64s—these are the standard counts in India. Then I will give 2/20s for crossbreds, 2/20s merino for hosiery counts.

President.—Could you not give us 48s for hosiery and weaving yarn?

Mr. Shah.—2/48s for hosiery and weaving is not a standard count. Imports of 2/48s are the lowest. They say 2/48s is a standard count. That is not correct because from the import figures you will find that 2/48s is smaller in quantity. The chief count imported in hosiery is 2/40s and in weaving it is 2/64s. Do you want me to include 2/48s both for hosiery and weaving?

Mr. Addyman.—Yes.

Mr. Shah.—I am afraid 2/48s weaving is not imported at all.

Mr. Addyman.—Give 2/52s for weaving and 2/48s for hosiery.

Mr. Shah.—Yes.

Mr. Addyman.—You refer to 4/13s. Which has the largest sale in the country, 4/13s or 4/7s?

Mr. Shah.—4/13s, 4/12s or 4/14s; that is due to these continental and English differences. If it is 4/13s from Continental countries from English or Indian mills it will be 4/11½s.

Mr. Addyman.—I have noticed that a very large weight is being spun in the Indian mills of 7s?

Mr. Shah.—That is for coarser knitting. I am talking of merino. In crossbreds they are using 4/6½s and 4/7s.

Mr. Addyman.—Would you mind including 4/7s?

Mr. Shah.—That is not imported.

Mr. Batheja.—Will it be possible to supply samples also when you send prices?

Mr. Sankalchand.—Yes.

President.—You say the quality imported from Japan is to some extent inferior. The information we have gathered in our tours is somewhat similar. As regards hosiery yarn, Japanese yarn fluffs up in the finished article so that the article is rougher after three months' use.

Mr. Shah.—That is what it comes to. The small fibres get up and the cloth is destroyed. It wears out very quickly. As a matter of fact I have interviewed about 100 hosiery people and each one of them has told me the same complaint, but they have to use it because of the cheap price, and it looks nice.

President.—At any rate I remember one hosiery manufacturer who has gone back to English yarn.

Mr. Shah.—I got several orders for English yarns, but when I quoted the prices they had gone back. This year I got about 100 to 200 bales of English yarn. English yarn is very good. I imported a few bales for them

and when I placed them in the market, they said that those yarns cannot give them any profit and so they had to use the Japanese yarn.

President.—Is the same complaint received about weaving yarns?

Mr. Shah.—Yes. The reason, I think, is they have been mixing low grade wool in their mixing.

President.—Some low grade wool?

Mr. Shah.—They have got a particular art of mixing which is their special point. Supposing for merino they use some mixed with crossbred, it would not look like mixed, but like merino; otherwise these results cannot be expected. These are very strange results. After the cloth is produced, it appears nice, but when you use it, it wears out within a year or so. That is due to their mixing. We tried to know from the Japanese makers. Particularly there is one maker in Japan, N. K. K. Mills. They maintain that their quality is as good as English and that there is nothing in it which can wear out soon.

President.—And facts do not bear them out.

Mr. Addyman.—If they were to mix merino quality of 64s with crossbred quality of 58s would it not be noticed?

Mr. Shah.—Yes. It is mixed in such a way that apparently if you look at the yarn, it appears better than the English.

Mr. Addyman.—It is possible that this wearing out is more due to the process which this material is put through rather than in mixing the quality.

Mr. Shah.—Do you mean the process in our hosiery factory?

Mr. Addyman.—Drawing, spinning, etc.

Mr. Shah.—That is more due to the mixing than the process.

President.—Is crossbred as good as merino, only cannot be spun so fine?

Mr. Shah.—This is from superior type of crossbred 56s. That can be spun up to a certain point.

President.—You would not have thought that it would have any effect on merino quality.

Mr. Shah.—Crossbred does not last like merino.

Mr. Batheja.—What do you mean by wearing quality? Does the yarn go to pieces or only short fibres are raised?

Mr. Shah.—It becomes rough. It goes to pieces. It doesn't last long. Another complaint is that there are holes in it as compared with the English.

Mr. Batheja.—Due to pests? They are more liable to attacks by pests?

Mr. Shah.—Yes.

President.—Do you mean Japanese yarn?

Mr. Shah.—Yes. Given the same purity for English and Japanese, the Japanese yarn is more liable to attacks by pests than the English.

President.—In giving your prices will you give them over a considerable period?

Mr. Shah.—Average of 5 years?

President.—I would like to have a course of prices rather than averages.

Mr. Shah.—You want period by period.

President.—I don't want an average of five years. I would much rather have actuals in particular periods.

Mr. Shah.—That converted into rupees on the rates of exchange existing at the time.

President.—Kindly give us your prices for 1931-32, 1932-33, 1933-34 and 1934-35 separately and not averages.

Mr. Shah.—Yes.

Mr. Batheja.—Would you rather go back to 1928? When did the Polish yarn began to drive out the English yarn?

Mr. Shah.—In 1928 they were imported very largely. It is very surprising to me that in spite of England having gone off the gold standard, it could not compete. Japan also went off the gold standard just about the same time. They could bring down their prices. Until now the prices are very nearly the same in the case of England except they vary according to the prices of the raw material.

Mr. Batheja.—England doesn't enjoy any exchange advantage as against India. Japan may do, but England doesn't.

Mr. Shah.—In comparison with Poland and France they do. It is very strange to us. It might be that their cost of production is higher or their labour charges are higher.

President.—They have suffered in their endeavour to keep their price.

Mr. Shah.—In England woollen trade is very brisk. So far as India is concerned imports are not so good. In the last two years their trade is very good in Bradford.

Mr. Batheja.—They have a very large home market.

Mr. Shah.—Yes and therefore they are maintaining their prices. They are getting good profits in their trade with the Continent and in the home market. Possibly they don't stand in need of Indian trade.

President.—I would not go so far as that. They are very anxious to regain their foreign trade with India according to their own statement. You say: "It will be seen that in finer yarns, the Indian mills are not able to compete at all". Is it a question of price or is it your experience that you cannot get what you want from the Indian mills?

Mr. Shah.—Yes. From my experience I feel that whatever protection may be given, in the matter of price and in the matter of quality, it will be very difficult for the Indian mills to give a good quality or to stand in competition in price. That is why I have advocated protection.

President.—Have you much experience of the qualities of fine Indian yarns?

Mr. Shah.—Yes. I have tried to deal in Indian fine yarns wherever possible. Even if it is a little higher in price, I always try to place an order with them. I feel that they must be encouraged, but then sometimes I find the quality quite hopeless or the price as hopeless as the quality. Particularly I am talking of fine yarns.

President.—What is the objection to quality?

Mr. Shah.—Climatic conditions in the matter of spinning fine yarns.

President.—What are the defects in the fine yarns?

Mr. Shah.—As a matter of fact you don't find the feel just as you find in the Japanese, Polish or English yarn in hosiery and weaving also. In woollen yarn the feel is the most important. If you put your hand on the woollen yarn and if you feel it soft, you would like to buy, otherwise not.

President.—It hasn't got the handle?

Mr. Shah.—No.

President.—Is it your opinion that if a duty was put on foreign yarn so as to restrict the imports, the Indian mills would be able to take their place?

Mr. Shah.—On all yarns?

President.—In particular fine yarn.

Mr. Shah.—No, whatever the duty is. Even if the duty is 100 per cent., they won't be able to stand.

President.—They would be able to produce the quantity judging from their own statistics, but whether the quality would meet the approval of the public, I don't know.

Mr. Shah.—I don't think that they would be able to produce the quality as good as foreign. My impression is that the foreign makers are more

experienced in fine yarn and they have been able to produce a particular quality with a feel which the consumers like very much.

President.—And it will take time for the Indian mills to do that.

Mr. Shah.—Not a small period. I think it will take years. I think it will be burdensome to the country if a duty is to be put for such a long time.

President.—The same objections do not apply to the coarser counts.

Mr. Shah.—No.

President.—Are they able to get the finish and handle in coarser counts?

Mr. Shah.—Yes. I am dealing in coarser yarns. I am comparing almost daily the stuff produced in India and the foreign stuff. The quality is almost the same. In many cases they are able to improve the quality above that of foreign imports.

President.—That applies both to hosiery and knitting yarn?

Mr. Shah.—Yes.

President.—Does that apply to weaving yarn?

Mr. Shah.—Weaving yarn is fine. It is entirely a different question. I don't think they would be able to produce such a good quality of weaving yarn as the imported ones. They may succeed in the case of 1/32s and 1/36s in weaving yarn and that too only in crossbred and not in superior merino.

President.—Do you supply yarn to the big yarn market of Amritsar or does Amritsar import on its own?

Mr. Shah.—We have been supplying to some people and some people have been importing direct from Japan.

President.—In answer to question 14 you say you are definitely of opinion that the demand for woollen goods is increasing. That applies particularly to hosiery.

Mr. Shah.—Yes.

President.—What about the cloth side of the weaving industry?

Mr. Shah.—That has been steady. The imports have been steady, but in hosiery the expansion is very rapid, probably because the hosiery people are more organised as compared with the weaving or knitting and therefore they have been able to make great strides in particular designs. They are producing almost very superior designs. They can stand comparison with any design imported from foreign countries. If you give them a particular sample, they will be able to produce as good as that. They are better organised than weaving people. The handloom weavers are scattered and they don't take to particular design. They follow the old methods.

President.—In hosiery it is easier to adapt oneself to changing designs in taste than in weaving.

Mr. Shah.—I don't think so. These people are illiterate.

President.—You mean weavers.

Mr. Shah.—Yes, they are scattered all over the country. Even in the North, in a particular place like Amritsar, they have not been able. Wherever you go you find handlooms.

President.—They are not able to get into touch with the demand.

Mr. Shah.—No. They only satisfy themselves. They buy a particular yarn and put on the market finished goods in whatever form they like.

Mr. Batheja.—What about the small scale weaving factories?

Mr. Shah.—They are improving. The production is much better now than before. They are producing different designs. You mean power loom factories?

Mr. Batheja.—Both powerloom and handloom factories?

Mr. Shah.—In the case of organised industry, it gives better results. In the case of handloom weavers, nobody is able to guide them properly. I think they require guidance.

Mr. Batheja.—You think that the Industries Department is not able to give sufficient guidance.

Mr. Shah.—I am sorry.

President.—There is nothing to apologise about. To what would you put down the great increase in the demand for hosiery? Is it partly due to the softness and fine quality which is now being turned out?

Mr. Shah.—And partly due to the improvement in the taste of the masses from the public. I find there is more demand for these goods than I found before. For the different types of hosiery, there is increased demand particularly from Bengal. There have been huge sales every year and the orders are booked far ahead. In the month of May and June the hosiery makers have been booking orders for delivery up to next February.

President.—That is not due entirely to Japanese yarn, but it is also due to the demand for a better class of articles?

Mr. Shah.—Of course the Japanese takes the first place. To-day everybody can use a woollen article, because it is cheap. Before 1931 the prices of woollen articles were very dear.

President.—Does it follow from that, that if prices went up very considerably, the demand would go down again?

Mr. Shah.—I do think so.

President.—Do you think that it would be possible if this fine merino yarn were excluded, the hosiery market would ever go back to the old crossbred types?

Mr. Shah.—Not now. There is a taste created for that.

President.—Supposing they could not get finer goods.

Mr. Shah.—The demand will be 50 per cent. down.

President.—They simply would not buy the ordinary stuff.

Mr. Shah.—No.

President.—The increase in duty on yarn you say, has curtailed the imports very greatly except from Japan.

Mr. Shah.—Yes.

President.—You say it has crippled your business with Poland, England and France?

Mr. Shah.—Yes.

President.—That is the increase of what? You mean the large increase in the duty on yarn?

Mr. Shah.—In 1932 it was raised to 30 per cent.

President.—Do you mean when the surcharge was put on?

Mr. Shah.—Yes.

President.—I want to know if you would like to explain your views on the managing agency system to justify your belief that it has been harmful.

Mr. Shah.—I am in touch with the cotton industry and I may say that whatever is applicable to the cotton industry is equally applicable to the woollen industry. I have nothing new to say on the subject because so many things have been said and reported on that.

President.—Your views apply to Bombay?

Mr. Shah.—Yes.

President.—You have no knowledge of the system elsewhere?

Mr. Shah.—Both Ahmedabad and Bombay.

President.—Do you think that it is bad?

Mr. Shah.—Yes.

President.—Let us pass on to marketing methods. You think that the marketing methods of mills are not satisfactory?

Mr. Shah.—They are not.

President.—Is it your opinion that they don't get into touch with the demand?

Mr. Shah.—Not at all. They do not cater to the actual requirements of the country. They like to spin their own quality and thrust it on the market. That is my usual complaint against them.

President.—Do you think that it has had much effect on the quantity of their sales?

Mr. Shah.—Yes, particularly on the sales of Cawnpore Mills. They have been losing simply because they do not know in my opinion what the market wants and what they should supply.

President.—You mean the Cawnpore Woollen Mills?

Mr. Shah.—Yes.

President.—They pride themselves on the efficiency of their organisation for sale?

Mr. Shah.—But my experience is otherwise.

President.—They have publicity department.

Mr. Shah.—Publicity in India is a different thing altogether. Consumers do not read all advertisements that are appearing.

President.—Do you hold that advertisements are overdone?

Mr. Shah.—They are not useful in my opinion. They are done in the style of England where the general public are well educated. They know and read these things. Here they don't. However much they may pride themselves on their advertisement policy, I think from the standpoint of the consumer it leads to nothing.

Mr. Rahimtoola.—In India they are done by brokers and selling agents.

Mr. Shah.—Yes. Supposing a mill has got a shop, they put a cinema and call the masses free of charge, they will come and see. They should do this instead of putting posters in stations. The advertisements in India should be entirely different from those in other countries where the people are literate. But they have got their own way of doing things and they don't give any attention to these things. The result is heavy loss.

Mr. Batheja.—Is it your impression that the Cawnpore and Dhariwal Woollen Mills are meeting with losses?

Mr. Shah.—Enormous losses.

President.—They are distributing very big dividends this year.

Mr. Shah.—It may be due to some other reasons. So far as I know of their yarn, the distributing method which they have adopted is hopeless. For instance, they opened a shop in a consuming district last year or the year before and the quotations we received from them from time to time were so incorrect. The salesman sitting in their shop did not know what he was quoting. He had to depend upon the advice from the Mills. He did not know—and they themselves did not know—what they were quoting for—either merino or crossbred or fine counts or coarse counts. As a result they had to close down their shop.

Mr. Rahimtoola.—It might be due to the incompetence of their salesman.

Mr. Shah.—Does it not reflect on the capacity of the firm which employs such salesmen.

Mr. Rahimtoola.—Perhaps this has not been brought to their notice.

Mr. Shah.—I have brought the matter to their notice.

President.—Perhaps they did not want that sort of thing to be brought to their notice?

Mr. Shah.—I wrote to them and they told me that they would send for me at a particular time but that time never came. The people at the helm are ever busy and getting profit in the cloth. I would only expect that much from them.

Mr. Batheja.—Where did they open this shop?

Mr. Shah.—In Ludhiana which is a big and important centre of hosiery industry.

President.—Have you ever heard of instances of consumers wanting to get yarn from these mills and their having refused to supply?

Mr. Shah.—Daily I hear.

President.—What does that mean?

Mr. Shah.—He wants yarn and does not get it.

President.—Why should the mills refuse to sell it?

Mr. Shah.—There is nobody between the two to supply the yarn. Supposing a few particular bales of a mill went to a consumer and supposing he wants a repetition of that order, he does not know where to go. He comes to a dealer like me and I write to the mills. They say that they will be sending by this or that time. In my opinion there is much to be desired.

President.—In the sales organisation?

Mr. Shah.—Yes, that is why I put so much stress on this point.

Mr. Batheja.—Is that your experience of the Bombay Mills?

Mr. Shah.—I am particularly making this statement regarding the Cawnpore Mills because their selling arrangements are particularly bad. Bombay Mills are better and they hear what we have to say.

Mr. Batheja.—Is that true of Dhariwal Mills?

Mr. Shah.—I am talking of Cawnpore and Dhariwal Mills together. When I refer to Cawnpore, I refer to that group. May I know whether they say that the results have been very satisfactory?

President.—Their published balance sheets show a big profit and they are distributing 12½ per cent. dividend.

Mr. Batheja.—That may be due to the reduction of their capital from Rs. 3 crores to Rs. 60 lakhs.

Mr. Shah.—You mean the British India Corporation, Limited. I am a shareholder and I know.

President.—In reply to question 21, you say "Yes, definitely so". That refers I think to our question about rationalisation.

Mr. Shah.—Yes.

President.—Do you think that something could be done to improve the organisation of the industry?

Mr. Shah.—Yes.

President.—Have you any experience which leads you to suppose that?

Mr. Shah.—I have only one or two suggestions to make. Supposing a Mill A produces almost all the requirements of the consuming public in merino in Berlin wool, Mill B particular types of hosiery yarn and Mill C particular types of weaving yarn and if these mills produce on a large scale I think they will be able to reduce the cost of production and at the same time they will be able to supply better qualities and satisfy the public. I understand in Japan they are doing things in a similar way. Certain mills have been spinning only weaving yarn and on a mass production basis. That is why they have been able to supply the weaving yarn at a much lower price than the Indian mills. In the representation made by the Millowners' Association, they say "The quotation (of Rs. 2-4) for 2/64s is abnormal as raw material costs are higher than for lower counts and manufacturing charges also would be proportionately higher". This matter was very important and I also enquired from the Japanese makers how they could quote a lower price for 2/64s which is a finer count than for 2/24s. In reply they said: "The reason is that there are certain mills in Japan which are producing only a particular type of yarn. Say, for example, Mill A is only producing weaving yarn. It will not touch knitting or hosiery yarn. Production on a mass scale of particular qualities enables them to bring down their costs and they are able to compete". I should therefore

like to add that if mills here follow some such system, they will be able to stand in competition to some extent.

President.—It has been put to us that the demand is comparatively small. They do not know at any time what the demand is going to be. So they want to be ready with everything. They do not know for instance whether their demand is going to be for 2/64s. Unless the demand is going to be big enough to take the whole supply, rationalisation is not possible.

Mr. Shah.—My experience is entirely otherwise. We have been making purchases far ahead and we know that this count is in demand and will be in demand. We don't have any difficulty in selling these counts. On the other hand this is the only line in which the demand is consistent for particular counts. It is otherwise in the case of cotton yarns and artificial silk yarns. In the case of the woollen yarn, there have been only few counts and these standard counts have been selling all the year round. During all these 7 or 8 years, we find that the demand is only for these counts and not for others.

President.—That refers particularly to the hosiery industry.

Mr. Shah.—Yes.

President.—What about the weaving industry?

Mr. Shah.—I do not know much about that. In the case of spinning there is no difficulty with the mills. For consumption required in January and February, we have been buying yarns from July right up to December or January. We don't find stocks accumulated and we do not also suffer because this yarn will not sell or that yarn will not sell. I think it will be quite easy for the mills to anticipate the demand so far as yarn is concerned.

President.—Yes, if they were organised on different lines?

Mr. Shah.—Yes.

President.—You must admit that it would be a tremendous undertaking to reconstruct not only the capital of the mills but to reconstruct the actual machinery and lay out of the mills.

Mr. Shah.—I do agree.

President.—The point you are making in paragraph 22 is I think a good one. Possibly the advantages of the fall in exchange are over-estimated in the case of a country which has to buy all its raw materials.

Mr. Shah.—Yes.

President.—I think perhaps you have misunderstood the situation in England. England is a very big producer of wool. Some of the finest types of wool are produced in England.

Mr. Shah.—It does not produce a pound.

Mr. Addyman.—England produces wool comparatively to a small extent.

President.—Do you know the whole percentage of production?

Mr. Addyman.—As compared with Australia.

Mr. Shah.—The wool is marketed in England.

President.—When you are dealing in millions, the production of England may seem small.

Mr. Addyman.—England is a wool producing country from the coarsest crossbred to superior types.

Mr. Shah.—In that case England could have some advantage of selling at a cheaper rate.

President.—England is organised on such a scale in the woollen industry that the home market can take only a very small percentage of its production. We must pass on. There is a little inconsistency which I think you can explain between your answers to questions 24 and 25. You don't agree that the woollen industry fulfils the conditions laid down by the Fiscal Commission and yet you go on to say that in your opinion the duty on

imported cloth should be increased still further. There is a little inconsistency.

Mr. Shah.—I want to give the mills a chance.

President.—You don't object to protection being given to cloth.

Mr. Shah.—No. According to the Fiscal Commission, in spite of the fact that the three conditions laid down by them are not fulfilled, protection can be given to an industry.

President.—If the industry is regarded as of national importance?

Mr. Shah.—Yes.

President.—You don't regard the woollen industry as of national importance.

Mr. Shah.—I don't. But I would like to give the mills a chance so far as cloth is concerned. Cloth is not my line and I do not know whether they can stand in competition with imports.

President.—It has been put to us that it is impossible to protect the woollen industry on one side only. If you protect the cloth and don't protect yarn, you would get an unbalanced industry so that you would actually be driving the weaving industry to import yarns.

Mr. Shah.—Even that I don't mind. They are actually importing woollen tops at present.

President.—The woollen top is a very different thing from yarn. It is only clean wool.

Mr. Shah.—Even if they import yarn of superior qualities such as 2/64s and 1/64s, that would be helping the industry.

Mr. Rahimtoola.—That would be helping to close down spinning here.

Mr. Shah.—What is the good of allowing them to spin 2/64s at a price of Rs. 3-6.

Mr. Rahimtoola.—The price factor can be considered. The question which the President asked is about the duty.

Mr. Shah.—My idea is that it would be hopeless for them to spin finer counts.

President.—Unless they reorganise themselves. We have just discussed that question. If they reorganised themselves and concentrated on particular lines of manufacture then they might be able to compete. But apart from that you are perfectly willing to see the cloth side of the industry protected but not the spinning. That would involve, as I said, a rather lopsided industry. An industry which relied entirely on yarns from foreign sources could hardly have a claim to protection.

Mr. Shah.—I have said that they may be protected up to 2/24s count which is crossbred. That is the type of yarn to which they can easily go and I think they will be able to compete against imports.

President.—That is on the woollen side?

Mr. Shah.—No.

President.—You would protect the industry as a whole on the woollen side and not on the worsted side? 2/24s is a worsted crossbred.

Mr. Shah.—Yes. They will be able to meet the demand from consuming districts up to 2/24s or 1/24s. In that case they will be able to spin.

President.—What is the demand for 2/24s? From whom does the demand for 2/24s come?

Mr. Shah.—Knitting as well as hosiery factories.

Mr. Addyman.—We have understood the demand for crosshred in the chief centres of India, has been reduced to such a low percentage as 20.

Mr. Shah.—Quite so. They will be able to cover up a big field in knitting yarn and certain demand for hosiery.

Mr. Addyman.—Not more than 20 per cent.

Mr. Shah.—If you protect them up to 2/24s by additional duty or something like that, the cost of the foreign manufacturer will be much higher, so there will be less demand for that kind of yarn up to 24s from foreign makers and naturally they will be able to realise a better market for it.

Mr. Addyman.—Including imports, the consumption does not exceed 20 per cent. in crossbred.

Mr. Shah.—At present, because the merino yarn is cheap.

President.—Did the non-co-operation movement affect the yarn market of Bombay?

Mr. Shah.—Yes, it did.

President.—Did it affect the mills' sales?

Mr. Shah.—In the case of woollen yarn?

President.—Yes.

Mr. Shah.—I don't think it had much effect on the sales.

President.—We were told in general the effect was to turn a good business over to Amritsar merchants at the expense of the Bombay merchants.

Mr. Shah.—Because they could not import it to this part of India while the Amritsar merchant could get it easily from Karachi. That was a temporary phase.

President.—Trade is coming back to its own level?

Mr. Shah.—Yes.

Mr. Rahimtoola.—Mr Shah, yours is a private company?

Mr. Shah.—Yes.

Mr. Rahimtoola.—And you are also the Secretary of the Yarn Merchants' Association?

Mr. Shah.—Yes.

Mr. Rahimtoola.—What is the object of the Association?

Mr. Shah.—The object of the Association is to protect the business of the merchants.

Mr. Rahimtoola.—Not to determine any fixed prices for sale?

Mr. Shah.—No.

Mr. Rahimtoola.—The Yarn Merchants' Association consist of both those who deal in foreign yarn and those who deal in Indian yarn?

Mr. Shah.—Yes.

Mr. Rahimtoola.—I want to know the amount of business transacted by the members of your association in value and quantity and the total import of yarn into India through your Association, as compared with the whole of India.

Mr. Shah.—30 per cent. of the total imports of India.

Mr. Rahimtoola.—Since how long have you been doing business here?

Mr. Shah.—Since the last 15 years.

Mr. Rahimtoola.—You have told the Board just now that you have no objection with regard to the grant of protection to the Indian yarns up to 2/24s which the mills are able to spin at present out of crossbred quality.

Mr. Shah.—Yes.

Mr. Rahimtoola.—But I think in answer to one of the question you said that the people are going gradually to better qualities and better finish which can only be had out of merino yarn and you have therefore, owing to the cheapness of merino yarn coming from Japan, reached 80 per cent. of the total imports, and it may be that as time goes on that 80 per cent. might go up. If that is so, I don't see how there can be an opening for the crossbred quality of yarn even if we give protection.

Mr. Shah.—I have said that up to 2/24s they can spin and therefore you can tax the imports.

Mr. Rahimtoola.—Merino yarns as you say are being imported in bulk 1/64s and 2/64s, and for weaving and hosiery 2/24s and knitting 4/13s.

Mr. Shah.—Below 2/24s hosiery.

Mr. Rahimtoola.—That means merino for hosiery purposes is also 2/24s?

Mr. Shah.—Yes. I wish to give them a chance to see if they can spin merino at a particular price so that they can take advantage of the protection.

President.—What would be the average counts which come from Japan?

Mr. Shah.—2/40s.

President.—They go as low as what?

Mr. Shah.—2/16s and they go as high as 2/78s for weaving.

Mr. Rahimtoola.—Is the Japanese yarn inferior even to Indian yarn and is preferred simply because it is cheaper?

Mr. Shah.—Yes it is.

Mr. Rahimtoola.—Here you are referring to crossbreds?

Mr. Shah.—No; I am referring to merino.

Mr. Rahimtoola.—But very little is turned out by the Indian mills?

Mr. Shah.—Year before last I sold a lot of merino yarn from the Raymond Woollen Mills and I understand the Indian Woollen Mills also sold a good quantity of merino year before last.

Mr. Rahimtoola.—Have you ever drawn their attention to the defect in the selling organisation and have they so far taken any steps?

Mr. Shah.—I have been doing so but they seem to resent any suggestion as to what they should or should not do.

Mr. Rahimtoola.—With regard to the varying quality of the Japanese stuff is it the public opinion that you have ascertained or have the goods been analysed? I am talking of the mixed yarn.

Mr. Shah.—These have not been analysed but they are judged by the result obtained from finished goods. As it is 90 people out of 100, consumers as well as the public, say that the goods wear out quickly and the ultimate results are very poor.

Mr. Rahimtoola.—Have you drawn the attention of the Japanese people to this complaint?

Mr. Shah.—I have written to the best mill in Japan and they maintain as usual that the quality is good and there is no complaint from other countries and that there must be something else in the matter of weaving and the process. They would not admit that there is any defect in the yarn.

Mr. Rahimtoola.—They say there is no mixing?

Mr. Shah.—No. About mixing I have not written to them. From the first they maintain that their quality is superior, pure merino and by that they mean that there is no mixing.

Mr. Rahimtoola.—With regard to paragraph 5, you say that you allow extensive credits to the people and give 60 days to two years in many cases. I suppose that is included in the price at which you sell?

Mr. Shah.—They give us interest charges but the interest we are charging is only 6 per cent. after 60 days. Up to 60 days we allow them free delivery. When they produce the hosiery stuff and realise money after selling in the market then they pay us.

Mr. Rahimtoola.—You are practically acting as the mahajan?

Mr. Shah.—With this difference that we never charge more than 6 per cent.

President.—That is the fixed interest?

Mr. Shah.—From 60 days up to the date of payment.

President.—You do not charge compound interest?

Mr. Shah.—No.

Mr. Rahimtoola.—Which are the principal places where you send your yarn in India?

Mr. Shah.—In the North Punjab is the biggest consumer of raw yarn and then the United Provinces and Bengal. In the South we do not sell a pound of it.

Mr. Rahimtoola.—Do you sell a large quantity in Bombay?

Mr. Shah.—Very little; there are only five factories here. In the Punjab we sell the largest portion of our imports.

Mr. Rahimtoola.—Can you give us the charges that are paid by you after the goods arrive here?

Mr. Shah.—You mean the actual cost? I will send it to you.

Mr. Batheja.—Can you specify the heads under which they are incurred?

Mr. Shah.—Yes. After import we have got to pay duty; then clearing charges, port trust charges, freight, octroi duty.

Mr. Batheja.—You are direct importers; before it leaves your hands you add your own profit?

Mr. Shah.—Market price is different from cost price; we add our profits.

Mr. Batheja.—At what stage do you add that; is it after the duty and landing charges have been paid?

Mr. Shah.—Ex-godown price, add profit and then it becomes our selling price.

Mr. Batheja.—Do you pay anything to brokers?

Mr. Shah.—Generally our system is to come more in contact with the consumers direct; we have got our own branches.

Mr. Rahimtoola.—In reply to question 8 you say "the Indian mills will not be able to meet the demand for such fine yarns in the near future". Is there any inherent disability with regard to machinery or only with regard to prices that you contemplate? What is it that was in your mind when you said that they would not be able to meet the demand?

Mr. Shah.—All the factors put together. For example their machinery is unsuitable for spinning good type of yarn. These mills have got very old machinery because they have not got enough capital.

Mr. Rahimtoola.—You said that to-day the quality is better than the Japanese?

Mr. Shah.—Only in coarser counts such as crossbreds.

Mr. Rahimtoola.—You have had dealings in merino yarn you said?

Mr. Shah.—Yes. When they are trying to produce good quality the price is exorbitant.

Mr. Rahimtoola.—The price factor we know; is there anything else?

Mr. Shah.—No.

President.—There may be some misunderstanding over the question of machinery. All the mills who have got worsted machinery are very definite on this point: they say there is nothing in the machinery; there is no machinery in the world which would enable them to do better. I don't think that exaggerates their view, particularly the Cawnpore Woollen Mills say that they can produce anything to compete with anyone in the world; the Raymond Woollen Mills say the same thing; they dispute that their quality is inferior.

Mr. Shah.—As regards merino yarns which I bought from them it was not defective upto 36s but as soon as I touched 2/40s the quality turned out was very bad.

Mr. Rahimtoola.—At present they are importing Australian wool; that wool is as good in producing merino quality as any other wool in the world. Japan herself is a very large buyer of Australian wool and out of that wool they are sending merino yarn here; that is why I wanted to know if there are any other reasons.

President.—You are not really an expert in machinery; you are rather basing your opinion on the output. You are an expert on yarn and if you are satisfied that what they are turning out is not up to the mark, your opinion is valuable. But when you suggest that their machinery is out of date, that is only an inference?

Mr. Shah.—I admit I am not a technical man.

President.—You have found certain defects with regard to the quality of their 2/40s?

Mr. Shah.—I used to order from them and test their samples from qualities over 2/36s and I was invariably dissatisfied with their quality and therefore I have come to the conclusion that they cannot produce qualities above 2/36s.

President.—Have their qualities shown signs of improvement?

Mr. Shah.—They show definite improvement in crossbreds and that is why I am inclined to press for protection in that, because there I feel very hopeful that they will be able to produce better qualities of yarn, but as regards merino during the last five years they are turning out the same stuff; there is no improvement.

Mr. Rahimtoola.—With regard to protection you have stated that there is some other qualifying condition which the Tariff Board might take into consideration even if the three conditions of the Fiscal Commission are not satisfied. Have you in view paragraph 98 of the Fiscal Commission's report which says that if an industry can be made self-supporting in a given period then it might be viewed with a favourable eye for protection, specially in yarn manufacture. We find from the statements submitted to us that in course of time it is quite possible that India can be made self-supporting as far as the supply of yarn is concerned and it appears to us that that was the paragraph which you had in mind when you said there was some other condition apart from the three conditions laid down by the Fiscal Commission?

Mr. Shah.—Yes.

Mr. Rahimtoola.—With regard to the managing agency system, have you had any personal experience of the managing agency system as a whole?

Mr. Shah.—I have had the opportunity of working on the board of two or three hosiery factories in the Punjab and I found some defects.

Mr. Rahimtoola.—Don't you think that at least the cotton industry and some other important industries in India owed to a very large extent their prosperity to the managing agency system?

Mr. Shah.—I don't say that they are not useful at all; I mean to say that considerable improvement should be made in that system.

Mr. Rahimtoola.—You say it has adversely affected the industry?

Mr. Shah.—Generally.

Mr. Rahimtoola.—You mean the woollen mills in India?

Mr. Shah.—Yes.

Mr. Rahimtoola.—Is it your opinion that it has adversely affected the industry?

Mr. Shah.—Yes. Supposing the work is entrusted to a Managing Director who is personally responsible, I think that would be much better.

Mr. Rahimtoola.—The whole difficulty comes in with regard to the working capital?

Mr. Shah.—Yes, I do agree and that is the reason why I am not so emphatic on the point. I do realise that they have played a great part in helping the industry.

Mr. Rahimtoola.—With regard to the rationalisation, I wonder whether you are aware of a similar move in the cotton industry of Bombay and you know the reason of its failure.

Mr. Shah.—Yes.

Mr. Rahimtoola.—You still think that there will not be much difficulty with regard to the rationalisation of the Woollen industry.

Mr. Shah.—I don't think there will be. There being a few woollen mills in India, they will come to agreement soon.

Mr. Rahimtoola.—You must realise in case the protection scheme comes into being, just like the expansion of the sugar industry, there might be the expansion of the woollen industry.

Mr. Shah.—I don't think you will be so merciless to put such a high duty on Woollen industry as you did in the case of the sugar industry. I am also interested in sugar and I am finding difficulty every day—300 per cent. duty unheard of in the history of the world.

Mr. Rahimtoola.—I don't want to say anything here with regard to the Sugar industry. As far as the Sugar industry is concerned, I gave you that instance, because if protection is adequate and for a longer period of years, at least the object of protection is realised and that is the industry prospers in India, and there will be a natural outlet or expansion of that very particular industry.

Mr. Shah.—But not at the heavy cost to the consumer.

Mr. Rahimtoola.—Whatever the expansion that might take place—I am not talking about the degree of protection or the amount of protection—you will admit that adequate protection will lead to the establishment of the industry.

Mr. Shah.—Yes. I think there will be an expansion, because there will be enough field for it. In my opinion the demand for woollen goods is steadily increasing in this country and I think the industry will prosper.

President.—It is likely to go on increasing.

Mr. Shah.—Yes.

Mr. Rahimtoola.—In answer to question 22 you are talking of depreciation of exchanges and you have said that England has not been able to take advantage of it and Japan has been, owing to the depreciation of exchange.

Mr. Shah.—Yes.

Mr. Rahimtoola.—Have you ever given thought to other countries? You mention about South Africa and others.

Mr. Shah.—I am not mentioning in connection with exchange. I am mentioning them in connection with the imports of wool. My contention is none of these two countries have been producers of wool and they have to import wool from Australia.

Mr. Rahimtoola.—That point has been settled. England has been producing wool.

Mr. Shah.—Yes.

Mr. Batheja.—Will you please refer to your reply to question 4? There you say: "As regards the price, the duty paid price of similar quality of English, Polish or French articles is roughly the same as that of similar yarn spun in India".

Mr. Shah.—Yes.

Mr. Batheja.—We asked a number of questions to the Indian mills on that point and in reply particularly to one question about the price of 2/48s, the mills told us that there is about 10 per cent. difference in price.

Mr. Shah.—Between the imported stuff.

Mr. Batheja.—To-day's price comparing Bradford's 2/48s with the price of say, Raymond Woollen mills producing yarn of the same quality, we found a difference of about 10 per cent. The price given here, Rs. 2-10-8, in the case of Raymond Woollen Mills is cost excluding depreciation and

interest on capital and the c.i.f. selling price is Rs. 2-9-6. Would that be a correct statement?

Mr. Shah.—Rs. 2-9-6 is c.i.f. In that case we have to add 20 per cent. duty to make it cost *ex-godown* and clearing charges. I think it is not c.i.f. but landed cost.

Mr. Addyman.—If it is Rs. 2-10-6, what is the landed price of 2/48s?

Mr. Shah.—3/6d the ordinary good quality.

President.—C.i.f.?

Mr. Shah.—Yes. That comes to Rs. 2-5. When we add duty on it, it comes to Rs. 2-13 landed cost including duty and everything *ex-godown* Bombay. As against that our mill price is Rs. 2-10-6.

President.—Plus 8 per cent. profit.

Mr. Shah.—The price will be equally the same. That is my contention.

President.—I wanted to ascertain whether the figures as supplied by the mills should confirm or disprove your contention.

Mr. Shah.—At the same time prices of yarn vary very greatly and therefore I don't mean to say that these things are incorrect, but to-day some of them seem incorrect.

President.—Your contention is that even if the statement is incorrect about a particular yarn, on the whole the statement is correct that the Indian mills will be able to stand in competition with the English, Polish or French articles on the present basis of the revenue duties.

Mr. Shah.—I have taken the prices to be the latest ones, so that the basis is quite correct.

Mr. Batheja.—The Indian mill industry applies for protection even against British goods. If the present revenue duties are retained, they want the present revenue duties to be converted into protective duties. I take it on your figures that demand will be reasonable.

Mr. Shah.—Yes, I have based those figures on that idea.

Mr. Batheja.—On the idea that the present revenue duties remain including the surcharge?

Mr. Shah.—Yes, during the period of protection.

Mr. Batheja.—If the revenue duties are modified in downward direction, do you maintain that the Indian articles should be able to hold their own against European articles? I am not talking of Japan just now.

Mr. Shah.—I have not much doubt about it, but against Japan they may not be able to hold their own.

Mr. Batheja.—If the duties are reduced, they will be able to hold their own.

Mr. Shah.—If they put their house in order, they can easily make handsome profit on the present duty on yarn or in the alternative they can stand the competition very well.

Mr. Batheja.—If the present revenue duties are retained, they don't need protection against European articles so far as yarn is concerned.

Mr. Shah.—That is definitely so. Therefore my request is to continue that only up to a particular period.

Mr. Batheja.—What is the period?

Mr. Shah.—7 years.

Mr. Batheja.—They have suggested 5 years.

President.—They suggest anything from 5 to 15 years.

Mr. Shah.—If they are likely to work efficiently and put their house in order in 5 years, I should support them.

President.—The shorter the period the better is your view?

Mr. Shah.—Yes.

Mr. Batheja.—In reply to the same question you maintain that there is generally 25 per cent. difference between Japanese prices and Indian prices.

Mr. Shah.—I have said 15 to 25 per cent., because prices have been varying so much that on one day it is 15 per cent. and on another day 25 per cent.

Mr. Batheja.—Against that you however say that the Japanese quality has been found on receipt of complaints to be somewhat inferior as compared with the European qualities.

Mr. Shah.—Yes.

Mr. Batheja.—How much allowance would you make for this difference in quality so as to make the Japanese article strictly comparable to the European article, say English article?

Mr. Shah.—That will be something like 6 annas a lb., because I am basing this answer on one particular factor and it is this that for example they want to use English yarn. The hosiery people use Japanese yarn, because the price is so much cheaper. The price difference is 6 to 8 annas. If that was not so, they would have willingly used English yarn, because Japanese yarn does not give them good stuff. Therefore I based it on 6 to 8 annas difference per lb.

Mr. Batheja.—They still maintain using Japanese yarn?

Mr. Shah.—Yes.

Mr. Batheja.—What would be the difference which would make them switch over from Japanese to British yarn?

Mr. Shah.—I would put 20 per cent. duty between Japan and English goods. If the English stuff is 20 per cent. cheaper than what it is at present, they will immediately change over to English stuff.

Mr. Batheja.—That would not be strictly comparable. While they will be paying the same price for British yarn as for Japanese yarn, the British yarn will be distinctly superior to the Japanese yarn.

Mr. Shah.—Yes.

Mr. Batheja.—If you give them excessive reduction of price in the British yarn, they will immediately switch over to British yarn. If you place British and Japanese yarn at the same price, British yarn is a better proposition, because it is better in quality. What I want to get at is at what price would you put the difference in quality between Japanese yarn and British yarn so as to make these two propositions equal. I don't want one proposition to be made better than the other.

Mr. Shah.—In that case people will buy this or that.

Mr. Batheja.—If you give 6 annas reduction, there will be a difference between the price of the Japanese article and the British article. How much is that?

Mr. Shah.—That will be roughly speaking 15 to 17 per cent.

Mr. Batheja.—As against the present 25 per cent.?

Mr. Shah.—Yes. Then some of them will be using Japanese and some of them will be using British.

Mr. Batheja.—Then the scales will be even?

Mr. Shah.—Yes.

Mr. Batheja.—In reply to a question from the President and from my colleague you said that the Indian mills are not able to satisfy beyond a certain count.

Mr. Shah.—With regard to merino or crossbred?

Mr. Batheja.—Merino.

Mr. Shah.—Merino up to 2/36s.

Mr. Batheja.—You find their goods as compared with the foreign goods unsatisfactory.

Mr. Shah.—Yes.

Mr. Batheja.—You find them unsatisfactory on the basis of prices offered by you or they could not supply these goods?

Mr. Shah.—On the basis of quality.

Mr. Batheja.—If you make it worth while and offer them at a very much higher price than you are prepared to offer, they might have used them.

Mr. Shah.—Not so. I wrote to them to give me samples of their best quality. In reply they said that this was the best. That is enough. At that time there was no question of price.

Mr. Batheja.—When you asked for the best stuff, you didn't mention your price?

Mr. Shah.—No. I asked: "Will you please give me the highest quality of 2/40s. They sent 3 samples and said that these were the best and then the price discussion followed. Then I asked "at what price will you give me".

Mr. Batheja.—So that it will be a fair inference to draw apart from prices they are not able to produce best quality stuff.

Mr. Shah.—Up to 2/36s they can produce.

Mr. Batheja.—Does it mean that the mills can produce any stuff at a price? They qualify that of course.

Mr. Shah.—May I add a word regarding knitting yarns. I am surprised to find in their representation that they have been talking of 80 per cent. and 57 per cent. It is too high. I have been selling knitting yarns. It comes to 15 per cent. However the market value fluctuates in these days.

Mr. Rahimtoola.—They have asked for 50 per cent.

Mr. Shah.—In the joint representation they say "Indian mill prices were 11½ annas per lb. higher. It would thus appear that in order to compete with the Japanese knitting wools, an import duty of approximately 57 per cent. would be required in the case of 4/12s and in the case of 4/16s the duty required would be about 80 per cent. *ad valorem*".

Mr. Rahimtoola.—They want 50 per cent. for knitting and weaving yarn.

Mr. Shah.—Yes.

Mr. Batheja.—Do you dispute the prices given by them—either the market prices of imported goods or their fair selling prices of their own goods? Have they under-estimated or over-estimated them?

Mr. Shah.—As regards fair selling prices, they have been quoting higher prices.

Mr. Batheja.—Naturally they would argue that their present prices are depressed prices. Do you think that their fair selling prices do not correspond to their market prices?

Mr. Shah.—Yes.

Mr. Batheja.—Do you dispute their import prices?

Mr. Shah.—Some of them. There may be changes here and there and I don't think they have deliberately put in wrong prices. In my opinion the difference is not more than 15 per cent. in knitting yarn between their price and the imported price.

Mr. Rahimtoola.—Their to-day's price?

Mr. Shah.—Yes.

Mr. Batheja.—There the difference is somewhat over-estimated.

Mr. Shah.—Yes. Similarly in the case of 2/28s I have put more difference than they have suggested. In the joint representation while talking of hosiery yarn they say "The most popular count of yarn imported is 2/28s". I don't think so. It is 2/40s. Still taking it to be the basis they say "In this count of yarn Indian Mills' fair selling prices are estimated to be 2 to 3 annas per lb. higher than the duty paid price of Japanese yarn". Just now it is more. I have given you more—about 20 per cent. I think it is due to fluctuations.

Mr. Batheja.—Coming back to question 6, I don't want to ask you any questions about that because you have promised to supply details. But you have mentioned at the end of the paragraph some middlemen. Who are these middlemen? What is their name in the vernacular?

Mr. Shah.—Veparis.

Mr. Batheja.—Or Dalals.

Mr. Shah.—Veparis, Dalals, brokers and merchants.

Mr. Batheja.—Where do they transact their business? Are there middlemen?

Mr. Shah.—In the upcountry there are small traders. Supposing there is a handloom weaver or a small factory in Hoshiarpur in the Punjab, we do not know where the factory is and whether it will be advisable to give any credit to that factory. We get into touch with a small trader to whom we give credit because we know he is trading there. The factory is quite a recent one and I do not know whether it will be advisable to give credit to that factory. We get into touch with the small trader and give him credit in order to enable him to give credit to that factory. In that case, he gets a small profit.

Mr. Batheja.—Is it not possible to deal direct with the consumer where you have not got a branch of your own? Do you find it convenient to deal with the consumer through a small trader?

Mr. Shah.—Where we find that money is not safe, where we do not know the factory at all or the standing of the factory, we do not venture to give any long period of credit. In such cases we transact through a middleman.

Mr. Batheja.—By middleman you mean a shopkeeper.

Mr. Shah.—Yes.

Mr. Batheja.—And not a broker?

Mr. Shah.—No.

Mr. Batheja.—In reply to question 8, you have mentioned the deficiencies of Indian production. I don't want to ask you any questions about machinery, but you mentioned in reply to the President something about climate.

Mr. Shah.—That is what I think.

Mr. Batheja.—Has climate got anything to do with the quality of yarn?

Mr. Shah.—Yes. That is the reason why the superior foreign merino fine yarn such as 2/64s and 2/78s is much better.

Mr. Batheja.—Does your stock get bad on account of the change in climate?

Mr. Shah.—It does.

Mr. Batheja.—What sort of climate suits it best?

Mr. Shah.—Cold climate. In the hot climate it gets bad. It deteriorates in quality.

Mr. Batheja.—What is the effect of a hot and dry climate on the stock of your yarn?

Mr. Shah.—In the hot climate of the Punjab our yarn gets deteriorated. In the winter, when it is very cold, the yarn is better.

Mr. Batheja.—Do your stocks keep better here?

Mr. Shah.—Comparatively better in Bombay, but I have got to keep large stocks in the consuming centre. That is the difficulty; otherwise I would like to keep most of them in Bombay. The consumer requires goods immediately. He is not very rich and he buys in small lots.

Mr. Batheja.—In reply to question 14 you mention there has been a substantial increase in demand for hosiery woollen goods both manufactured from hosiery and weaving yarns. What do you think of the causes of this increase? Is it due to the change of fashion?

Mr. Shah.—I think it is due to the development of the taste of the people.

Mr. Batheja.—Or is it due to the fact that as compared with cotton and silk, wool is relatively under-taxed. Is that a factor?

Mr. Shah.—I don't follow.

Mr. Batheja.—You know cotton and silk industries are protected under the Textile Act and so on but not the woollen industry though it enjoys the benefit of high revenue duties. Is this a possible factor in the increased demand for woollen goods?

Mr. Shah.—Yes, it looks like that. The woollen cloth is found comparatively cheaper than before.

Mr. Batheja.—Compared to what?

Mr. Shah.—Compared to cotton, silk and artificial silk. It is after all a necessity in this country in a particular season. But owing to goods being dearer the consumers could not take advantage of that. Now for the last five years woollen goods are cheaper as they are made here and also because world prices of wool have gone down very considerably. Therefore they are able to make purchases of these woollen goods.

Mr. Batheja.—Are you in a position to make this definite statement as compared with cotton and silk goods, woollen goods are cheaper?

Mr. Shah.—Definitely cheaper.

Mr. Batheja.—And part of this demand may be due to this fact.

Mr. Shah.—Yes.

Mr. Batheja.—And partly due to the change of fashion?

Mr. Shah.—Yes.

Mr. Batheja.—There is a great tendency to change over from cotton razai to woollen blankets.

Mr. Shah.—Yes, and this will continue for some time to come. To tell you a fact, it was a surprise to me as to how the things had changed so suddenly during the last five years. Formerly they were not having woollen goods. The consumption was much smaller than what it is now. So I think it is due to cheaper wool.

Mr. Rahimtoola.—You are now confining your remarks to hosiery?

Mr. Shah.—Yes.

Mr. Batheja.—You have mentioned goods produced from both hosiery and weaving yarn.

Mr. Shah.—Weaving yarn has not advanced so rapidly. Five years ago the consumption of woollen and worsted weaving yarn was the same. The consumption of hosiery yarn on the other hand has considerably increased.

Mr. Batheja.—In reply to question 19, you said that you had experience of the managing agency system as director of some hosiery factories in the Punjab. What defect did you find in these actually?

Mr. Shah.—I found that the management was not very satisfactory. Nobody was found to be responsible for anything that was being done.

Mr. Batheja.—Surely the managing agents do appoint manager in the case of an ordinary joint stock company.

Mr. Shah.—If there is a managing director I think he exercises more responsibility with regard to the management of the things, whereas these people on account of certain facilities they get in law they don't pay particular attention.

Mr. Rahimtoola.—The managing agents themselves become managers of the Company instead of the managing director. The managing agency as a whole becomes practically a managing director.

Mr. Shah.—But the responsibility is greater for the managing director as I understand it. One particular individual holds himself responsible for these things.

Mr. Rahimtoola.—The financial responsibility of managing agents is much greater.

Mr. Shah.—Yes.

Mr. Batheja.—Have you come across any defects in the course of your experience?

Mr. Shah.—Yes.

Mr. Batheja.—Do they charge buying and selling commissions?

Mr. Shah.—That is public knowledge.

Mr. Batheja.—I don't want to go into the cotton industry. I don't want to go beyond the scope of the woollen industry. You say you have found some defects. Have you come across excessive commission for both buying and selling?

Mr. Shah.—Yes.

Mr. Batheja.—Have you also come across excessive office allowance and remuneration?

Mr. Shah.—Yes.

Mr. Batheja.—You are not able to put them right?

Mr. Shah.—I was in a hopeless minority.

Mr. Batheja.—Are the hosiery factories in the Punjab largely run by managing agents?

Mr. Shah.—Happily not. It is more or less a private company affair.

Mr. Batheja.—Have you any knowledge of the managing agency system in vogue in the Indian mills.

Mr. Shah.—Roughly.

Mr. Batheja.—I mean in the Indian woollen mills?

Mr. Shah.—Yes.

Mr. Batheja.—Would you maintain that the defects that you came across under the managing agency system exist in the Indian woollen mills?

Mr. Shah.—To a larger extent than what I find in the hosiery factories.

Mr. Batheja.—As a dealer you have had many dealings with them.

Mr. Shah.—Yes.

Mr. Batheja.—You have some experience of the Indian woollen mill industry.

Mr. Shah.—Yes.

Mr. Batheja.—Roughly do you maintain that the defects are the same?

Mr. Shah.—Yes.

Mr. Batheja.—That means excessive commission charges for buying and selling, excessive office allowance, etc.

Mr. Shah.—Yes. If I may say so, a large number of incompetent persons are employed by managing agents on a high salary either as a matter of favour or for some other objects which I do not know.

Mr. Batheja.—Under the management?

Mr. Shah.—In the management of the woollen mills. I am talking of the Indian woollen mill agency system. That has been a burden on the mills.

Mr. Rahimtoola.—You have no experience of mill management as such.

Mr. Shah.—Only as a dealer.

Mr. Batheja.—I have made that point clear.

Mr. Shah.—When the representatives of managing agents come in close touch with us as dealers and talk to us, we know what they are.

Mr. Rahimtoola.—That is a very different thing from knowing the managing agency system as such.

Mr. Shah.—I agree.

Mr. Batheja.—The mills in reply to our questions on the marketing methods adopted by them say that they have employed agents throughout India and have covered the entire ground with responsible salesmen.

Mr. Shah.—I don't think so.

Mr. Batheja.—You don't think that they have covered the entire ground.

Mr. Shah.—Not even 20 per cent. of what they should have covered in a country like India. Wherever I find their salesmen they are their selling agents.

Mr. Batheja.—Who are their agents generally?

Mr. Shah.—They are people who are not in the line.

Mr. Batheja.—What do you mean? Are they not merchants?

Mr. Shah.—I should like to see that they appoint as agents those people who know the trade, who know the line.

Mr. Batheja.—Who know the requirements of the consumer?

Mr. Shah.—Exactly. The selling agents should be such that they must know something about the yarn in the mills and something about the consumer's requirements. Generally I find that 90 per cent. of the people appointed by them are hardly likely to know anything about the consumer.

Mr. Batheja.—Who are these agents? What is their profession? What are they actually? Are they not tradesmen?

Mr. Shah.—No.

Mr. Batheja.—Are they simply travelling agents?

Mr. Shah.—Yes. Probably it may be due to their (mills') financial troubles that they cannot get the services of really efficient people. I do not know the reasons. At any rate so far as I know I have hardly seen any selling agent worth his name?

Mr. Batheja.—So far as you know, these men cannot compete successfully with your agents.

Mr. Shah.—No.

Mr. Batheja.—On what sort of salary do they get these agents?

Mr. Shah.—I think they are giving them one per cent. net for yarn and for cloth the commission is higher—something like 3 per cent.

Mr. Batheja.—I want to confine myself to yarn.

Mr. Shah.—1 per cent., besides their travelling allowance.

Mr. Batheja.—It is their business to go about and secure orders in the busy season.

Mr. Shah.—Yes.

Mr. Batheja.—At that time the importers are very active.

Mr. Shah.—Generally the importers get the business because these people are not efficient.

Mr. Batheja.—That is your point.

Mr. Shah.—Yes.

Mr. Batheja.—In reply to question 22 you have mentioned the exchange advantage of the competing countries. I take it you include England also?

Mr. Shah.—Yes I do. Of course one change has to be made now since Mr. Addyman told me that England was producing wool. In that case England stands at an advantage compared to other countries.

President.—I did not mean to imply that England is self-sufficient.

Mr. Shah.—They can export to compete with countries like India. Supposing a country grows a particular quantity still she can just have the yarn produced there from that quantity and export it to countries where they have got to compete very keenly.

Mr. Batheja.—When you mentioned the exchange advantage of England you meant to compare with countries like Poland, Italy, Germany, France and Japan?

Mr. Shah.—Yes.

Mr. Batheja.—In reply to question 24 you say the industry does not satisfy the three conditions of protection. You have put a simple "No". Could you amplify that statement?

Mr. Shah.—As regards the natural advantages I don't think they can be able to spin any yarn required for hosiery or for weaving of the superior type because the wool which you can get here is not the kind of wool from which you can make better type of yarn except for carpet weaving and other kinds of coarser yarns.

Mr. Batheja.—Is it suitable for blanket manufacture?

Mr. Shah.—It is, but not for superior types of blankets and rugs. I maintain that however much the millowners may say that given protection they will be able to improve the quality of the wool and so on, it is a far-fetched idea.

Mr. Batheja.—That is about the raw material?

Mr. Shah.—Yes. Secondly I don't think that given protection to the industry they will be able to work in competition after the protection is withdrawn.

Mr. Batheja.—You maintain that the industry will not be able to stand on its own legs?

Mr. Shah.—Yes, so far as the production of finer yarns is concerned.

Mr. Batheja.—What about the woollen section?

Mr. Shah.—That is the reason why I agreed to the grant of protection up to 2/24s.

Mr. Batheja.—These are the two points. In view of what you said in reply to the President when he pointed out the inconsistency in your answers, I take it you are prepared to support the grant of protection to the industry in its lower grades and not in the higher grades. That is your point?

Mr. Shah.—Quite so.

Mr. Batheja.—Do you know of anything like mixed yarn: what is meant by mixed yarn?

Mr. Shah.—It is either mixed with cotton or staple fibre or with any other stuff than wool.

Mr. Batheja.—Are they made by mixing in the wool?

Mr. Shah.—Mixing the wool and cotton together in the raw material, just as you mix cotton and silk together.

Mr. Batheja.—Are mixed yarns imported in very large quantities?

Mr. Shah.—No, because they are not liked by the people.

Mr. Addyman.—Are those mixtures found in worsted yarn?

Mr. Shah.—If we import on the pure wool basis they are not found there.

Mr. Batheja.—Can there be worsted yarn which is also mixed yarn?

Mr. Shah.—Yes, I have seen samples.

Mr. Addyman.—Can it be twist yarn?

Mr. Shah.—Yes. If it can be single yarn, it can be twist yarn. If I can import say 1/24s in mixed yarn I can also import 2/24s in mixed yarn. There is no difficulty because the mixing is done in the first stage in the raw material. You probably believe it has been twisted afterwards.

Mr. Batheja.—May I distinguish between the various yarns: there be union yarns, there may be worsted yarns but there may not be mixed worsted yarns?

Mr. Shah.—It is not a correct statement. Worsted yarn can be mixed yarn because it is mixed in the raw material. Supposing a mixture is made of, say, cotton, artificial silk or any other stuff and wool; it can be spun into yarn and then it is mixed yarn.

Mr. Batheja.—There can be worsted yarn of that nature?

Mr. Shah.—Yes.

Mr. Addyman.—Could you give the Board some idea if the difference in price between Bradford 2/64s and Japanese 2/64s?

Mr. Shah.—It will be something like 30 per cent.

Mr. Addyman.—I asked you this question because I think you have attributed the low prices which the Japanese are able to sell 2/64s at to the fact that they concentrate at one spinning centre on the spinning of weaving yarns other than hosiery yarns. That policy of concentration I think is equally established in the case of the Bradford spinners. That being so it would rather lead us to assume that there is also something else apart from concentration which enables them to sell at a cheaper price.

Mr. Shah.—That is what I have said about 2/64s. Supposing a Bradford spinner wants to spin a superior type of yarn he will use superior type of wool whereas the Japanese spinner will in my opinion is too shrewd and will use a certain amount of mixing as a result of which his costs will be lower.

Mr. Addyman.—The difficulty in accepting that is because 2/64s is spun from one of the highest quality tops possible and if the Japanese include a lower quality then they would find difficulty in retaining 2/64s counts.

Mr. Shah.—Still there are qualities and qualities even for 2/64s. Supposing the Bradford spinner is taking superior quality wool from which he can spin 2/78s in the case of Japan he can spin up to 2/68s.

Mr. Addyman.—I feel there will be some other reason also.

Mr. Batheja.—In referring to the morino yarns spun by Indian mills and the crossbred yarns it is understood that they can only give you satisfactory quality up to 36s in merino and 24s in crossbreds. Are these defects entirely due to the material or are they defects in spinning and in the twist?

Mr. Shah.—There is spinning defect also.

Mr. Batheja.—Would it be possible for you to supply the Board with samples of what you obtained from the Indian mills and also samples of what you obtained from foreign mills in order to enable us to examine the difference in those wools?

Mr. Shah.—Yes. There is one thing: the Millowner's Association are talking of a quota in section 40 of their representation. I think I have not been asked to answer that question but I just want to add a line which in my opinion will be useful. They suggest in the case of yarn either 50

per cent. or some quota system. What I feel is that under the quota system it will not be useful or it will not be possible for the handloom weaver as also for the hosiery factories to use the yarns satisfactorily because they will have to change over from one count and quality of yarn to another. That is the difficulty they will have to face if you adopt the quota system. Supposing to Japan we allot 200,000 lbs. of hosiery yarn and 100,000 lbs. weaving yarn; then when that quota is exhausted in the middle of the season the hosiery factory will have either to depend upon either Italian yarn or spun Indian yarn and their quality will be entirely changed.

Mr. Batheja.—That is to say the consumer will be penalized by fluctuations in the character of the supplies?

Mr. Rahimtoola.—Unless India is able to produce the same quality?

Mr. Shah.—Yes, because I find in my business with these people that if I give them different quality during the season they do not take it. They will pay any price but they want to have the same quality.

President.—Have the Japanese qualities been very uniform?

Mr. Shah.—Yes, particularly in superior woollen types they are superior to every other country. What they do is this: In the months of March and April they make samples from the particular qualities of yarn supplied to them and they put it on the market. They make sales far ahead basing on those samples. In June when the season begins up to December they wind the same quality of yarn on which they base their samples. If I supply them with different kinds of yarn their goods will be of entirely different quality. They will have disputes with the buyers with whom he may have forward contracts. That is the reason why I wish the Board would take this into consideration.

President.—That is an argument which does not apply to finished goods?

Mr. Shah.—No.

Mr. Addyman.—I presume when you refer to the quality you have in mind not only material quality but the difference in the twist in the various spinning?

Mr. Shah.—Yes.

Mr. Batheja.—I take it you are not in a position to say anything about finished goods.

Mr. Shah.—No.

Mr. Batheja.—Would you think it fair if a quota is agreed upon to base the imports from Japan on the last five years average irrespective of the changes in the character of the demand?

Mr. Shah.—I have no objection because that is the only course on which quotas can be based.

President.—That would reduce their imports very quickly, would it not? Their yarn imports have increased enormously and if you take five years average their quota will be reduced to very insignificant proportions.

Mr. Shah.—Yes, but there is no other way in which you can base the quota.

Mr. Addyman.—It has been stated that Indian spinners work under adverse conditions from the standpoint of climate. You as an importer deal with yarns; has it been your experience to notice any difference in the handle or appearance of the imported yarns, say, three months after the importation?

Mr. Shah.—Yes, particular after the hot season passes over the yarn deteriorates in strength as well as in colour.

Mr. Addyman.—Is the handle of the yarn affected?

Mr. Shah.—Yes it does even in the case of the imported yarn.

MESSRS. JIVANDAS BHANJI AND COMPANY, BOMBAY.

Evidence of Mr. JIVANDAS BHANJI recorded at Bombay on Wednesday, the 13th March, 1935 (given in vernacular and translated).

President.—Mr. Bhanji, you are a wool merchant?

Mr. Bhanji.—Yes.

President.—Can you select two samples from these serges (handed in) which can compete in the market, one Indian and one foreign?

Mr. Bhanji.—That is very difficult. Mr. Moonji Sunderdas will be able to do that.

Mr. Rahimtoola.—From these samples can you say which is Indian and which is foreign?

Mr. Bhanji.—We are agents of foreign woollen goods. I shall not be able to verify them.

Mr. Addyman.—These are about equal weights.

Mr. Bhanji.—Finish counts a lot.

Mr. Batheja.—Which has a better finish?

Mr. Bhanji.—The English finish is better than the Indian.

Mr. Batheja.—Of these two serges (samples shown) of approximately equal weight, English finish is better.

Mr. Bhanji.—Yes.

President.—Do they compete in the same market?

Mr. Bhanji.—No. These two kinds of cloth do not come in the same market. The Mulji Jetha market of Bombay does not sell any Indian made cloth, so that it is impossible really to compare them and say whether they compete or not. That could only be said by upcountry merchants who sell the Indian cloth in retail. I have no experience of the marketing of Indian woollen goods. I have never handled them.

Mr. Batheja.—Here are two chester cloths. One is foreign and another is Indian.

Mr. Bhanji.—Quality is different.

Mr. Batheja.—In what respect do they differ?

Mr. Bhanji.—In weaving and finish.

Mr. Batheja.—Supposing they were both foreign, at what would you put the difference in terms of money?

Mr. Bhanji.—Quality depends upon the composition of the materials. Foreign is made of shoddy, whereas the Indian is made of wool. The price of the Italian stuff will be 2s. 4d.

Mr. Batheja.—What about the Indian stuff?

Mr. Bhanji.—It would not get a buyer. The Indian variety would not be imported, because it would not be in demand at all in my market.

President.—Here are other two samples. Suppose one comes from England and another from India?

Mr. Bhanji.—The price of the imported variety in my opinion will be Re. 1-8 to Re. 1-10 per yard, but the quality of the Indian cloth is so coarse that it would be unsaleable in my market.

Mr. Batheja.—Please look at these samples (tweeds).

Mr. Bhanji.—One is double tweed cloth. Italy and Poland send a good quantity of this kind of stuff. The price will be 4 shillings or 4s. 2d. per

yard because of the double width. The Indian cloth is not of double width, though it is reversible.

Mr. Batheja.—If it were imported from England, what price would you have to pay?

Mr. Bhanji.—Price depends upon the design and quality. There is no attractiveness in the cloth.

Mr. Addyman.—What do you think of these two samples?

Mr. Bhanji.—These are not made of the same material. One is blazer and another melton. The two are really not comparable.

Mr. Addyman.—Here are some more (khaki coatings).

Mr. Bhanji.—Of these three, two appear to have been made in India and one appears to have been imported.

Mr. Batheja.—Look at these two samples (khaki).

Mr. Bhanji.—They are not of the same quality. One is Indian and the other foreign (Polish).

Mr. Batheja.—Can they be used for the same purpose?

Mr. Bhanji.—They can be used for the same purpose only by a contractor; otherwise one cannot be used for the other. Of the two samples of Khaki Great Cloth, the Indian sample is much superior in quality. The two are really not comparable. The Polish sample is made of shoddy and is very inferior. The price of Polish stuff will be about 1s. 10d. c.i.f.

Mr. Batheja.—If a quality similar to the Indian sample were to be imported, what would you have to pay?

Mr. Bhanji.—2s. 6d. or 2s. 8d.

Mr. Addyman.—Look at these samples (blazer cloths).

Mr. Bhanji.—These two samples appear to have been made in India. But I see on further examination the green cloth is made of shoddy. The blazer cloths are not usually made of shoddy. I have not seen a blazer cloth of this type (Indian) in the market. It is not like the samples of foreign cloth which I submitted. So I cannot tell you the prices of both the samples.

Mr. Batheja.—Do you think that the red cloth cannot be really called a blazer cloth?

Mr. Bhanji.—It cannot be called a blazer cloth.

Mr. Addyman.—Here is another sample of blazer cloth (Rayola).

Mr. Bhanji.—The green blazer cloth seems to be badly constructed.

President.—Here is an Italian melton and the other is Raymond Woollen Mills' melton; there are also the samples of the Indian blazer cloth (samples shown).

Mr. Bhanji.—Sample one appears to be mixed yarn and the other all wool. The Indian sample is a better cloth.

President.—What would be the price?

Mr. Bhanji.—It will be Re. 1-12 a yard. The finish of the foreign cloth is slightly better and the price will be 14d. to 15d. I think.

President.—But they give the price as Rs. 3-8 for the Indian cloth.

Mr. Bhanji.—It will not be saleable at Rs. 3-8.

President.—Here are some samples of shawl cloth.

Mr. Bhanji.—I have no experience of shawls. Messrs. Bhaichand Raghunathdas of the Mulji Jetha Market will be able to give you information about these.

President.—Here is a range of tweeds and tropical suitings; I should like to have your opinion about the appearance and designs.

Mr. Bhanji.—When the foreign people give up a design it becomes a new design in India. These designs were foreign designs some years ago.

President.—What about the colouring (blazer cloth sample shown)?

Mr. Bhanji.—I can't say about that.

President.—Do these colourings still come from Europe?

Mr. Bhanji.—Yes they do. The colouring is all right. It is similar to that which is being imported.

President.—What about tweeds (Indian samples shown). What do you think of the designs?

Mr. Bhanji.—These samples are of a type which are being sold in the Punjab and the designs were in vogue a number of years ago. These types of designs do not sell in the Bombay market now-a-days.

President.—Here is another sample book of tweeds (shown).

Mr. Bhanji.—These are of better quality but these designs can be had in shoddy from Poland at 14d. to 15d. In general it may be said that the quality of the tweed is very good but the designs are out of date.

President.—Here is a range of flannels; can you give an opinion on these: how do they compare with the imported stuff?

Mr. Bhanji.—The quality is good but the designs are out of date. The qualities of the sample book of grey flannels which you have shown are very good. Similar qualities are still being imported but the designs are out of date.

President.—What would be the price?

Mr. Bhanji.—All wool will be 2s. 6d. to 7s. mostly English. Italian is shoddy and is no longer sold in India. Japanese is imported by one man from Amritsar.

President.—What about these samples of rugs (shown).

Mr. Bhanji.—I can't give any opinion.

President.—Here is another range of worsted tropical suitings. What is your opinion about these?

Mr. Bhanji.—The designs are old but the quality is good.

President.—What about the price?

Mr. Bhanji.—These are not all of the same quality.

President.—Can these compare in quality with the foreign?

Mr. Bhanji.—The prices of English goods of this type vary from 3s. 6d. to 5s.

President.—Who sets the fashion?

Mr. Bhanji.—Generally England but sometimes Italy.

President.—In serge?

Mr. Bhanji.—In worsteds it is England and Italy.

President.—The point I would like to put to you is this: in your trade the designs are established by foreign countries, Italy or England, and Indians have to follow on in the design, but if Indians established their own business is there any reason why Indians should follow any foreign designs at all? Why should not they have their own designs?

Mr. Bhanji.—Certainly. If the quality is good and the design is good we can certainly sell it.

President.—Who sets the fashion here?

Mr. Bhanji.—They must be in constant touch with the merchants. Messrs. Ghelabhai had taken up an agency for an Indian woollen mills but he gave it up on the count of designs.

President.—The point I am trying to establish is, is it necessary for the Indian to follow English design and fashion?

Mr. Bhanji.—The mills must be in constant touch with the businessman; co-operation of the merchants is very necessary.

President.—Are there not any artists in India who can set fashions in design?

Mr. Bhanji.—I do not know.

President.—Is it the *bepari* who starts the design?

Mr. Bhanji.—For the establishment of Indian designs which would appeal to the Indian public I am of opinion that artists and traders should combine because it is the trader who is really able to say what is required in the market and there seems no reason why Indian manufacturers should slavishly follow foreign designs.



सत्यमेव जयते

MESSRS. HAZARAT AND COMPANY, BOMBAY.

**Evidence of Mr. V. H. HAZARAT recorded at Bombay on
Thursday, the 14th March, 1935.**

President.—You are Mr. V. H. Hazarat?

Mr. Hazarat.—Yes.

President.—Are you the proprietor of Messrs. Hazarat and Company?

Mr. Hazarat.—Yes.

President.—You are importers of yarn chiefly?

Mr. Hazarat.—Yes.

President.—In the list of prices you have given us, you have taken 2/20s as the standard.

Mr. Hazarat.—That is the barometer yarn.

President.—By barometer you mean the standard by which you can take the prices of other counts.

Mr. Hazarat.—Yes.

President.—How much per count do they go up and down?

Mr. Hazarat.—1s. 8d. per count.

President.—Does it vary between 24 and upwards?

Mr. Hazarat.—Up to 2/32s, and between 2/32s and 2/40s, there is a difference of 1½d. per lb. Supposing the price of 2/32s hosiery yarn is 32d., the price of 2/40s is 33½d. There is only one 2/36s which is ½d. more than 2/32s, because for 40s finer quality of wool is necessary.

President.—Do these standard prices go up equally in all countries?

Mr. Hazarat.—In Japan there is a different standard.

President.—One for Poland?

Mr. Hazarat.—Yes.

President.—And for British?

Mr. Hazarat.—I haven't got the prices, because very little business was done. Some business is being done this year.

President.—You mean in British yarn?

Mr. Hazarat.—Yes.

President.—Since when has the trade in British yarn gone down?

Mr. Hazarat.—Since 1930. This year we have done good business.

President.—You mean 1933-34?

Mr. Hazarat.—In 1935.

Mr. Rahimtoola.—Could you not give us the present prices?

Mr. Hazarat.—I could.

President.—We don't want so complete a list as this. What are the chief qualities which are coming in British types?

Mr. Hazarat.—Chiefly business is done in coloured yarns and mixture yarns.

President.—Coloured?

Mr. Hazarat.—Yes.

President.—What do you mean by mixture yarns?

Mr. Hazarat.—Raw white into mixed colours.

President.—Mixture of colours and not mixture of wool?

Mr. Hazarat.—Quite.

Mr. Addyman.—A twist of white and dyed yarn.

Mr. Hazarat.—Yes. Business is done in common crossbred yarn—2/16 and 2/20s.

President.—That is hosiery yarn?

Mr. Hazarat.—Yes of the low qualities which can be done at 16d. and 18d. per lb.

President.—Are these prices you have given us hosiery prices or weaving yarn prices?

Mr. Hazarat.—Both.

President.—The first 2/20s is hosiery?

Mr. Hazarat.—Yes. I could give you any price for British yarn. I have got them handy.

President.—When you say you import from England about 5 per cent., from Poland about 20 per cent. and 75 per cent. from Japan, is that an average of a period of years?

Mr. Hazarat.—As I told you from 1930 onwards there was very little business in British yarns. When I said 5 per cent., I didn't include the business that I have done this year.

President.—That was meant to be an average of the last five years.

Mr. Hazarat.—Some business in particular classes of yarn on a small scale is being done in British.

President.—At what percentage would you put to-day's turnover?

Mr. Hazarat.—If I take into consideration the business that I have done during the last two or three months, I would say that we import about 15 per cent. from England.

President.—Has Polish import gone down?

Mr. Hazarat.—Polish has gone by 5 per cent.

President.—That is 15 per cent. from Poland and 15 per cent. from England and 70 per cent. from Japan?

Mr. Hazarat.—Yes.

President.—In general you would say that Japan has the market for the finest yarn.

Mr. Hazarat.—Yes, definitely.

President.—And it competes with Poland.

Mr. Hazarat.—Yes, only in common crossbreds and in fine crossbreds Poland cannot compete. Japan is not manufacturing on a commercial scale these common crossbred qualities.

President.—Does the same remark apply to England? The English competition is chiefly confined to counts not finer than 20s in hosiery?

Mr. Hazarat.—I am not referring to the counts. I am referring to the quality. There are three qualities. If I may be allowed to explain common crossbred is the rough quality, fine crossbred is superior quality and merino is the best quality in hosiery. Now the British yarns which we can buy at present are the common crossbreds. That is the low priced article. In fine crossbreds we can buy certain counts from England, but we can buy the same from Japan at much cheaper prices and in merino qualities Japan is unbeatable. Now all these counts can be manufactured in all the three qualities.

President.—I have always been under the impression that the finest counts could only be manufactured in merino qualities.

Mr. Hazarat.—These are all samples of 2/20s quality (samples shown). This is 2/20s common rough quality; this is fine crossbred of the same count and the merino quality of the same count.

President.—Is it not a fact that the finer qualities can be spun into finer counts?

Mr. Hazarat.—Certainly. This (sample shown) can't be spun into 2/40s.

President.—The question I was asking was am I right in assuming that Japan has captured the market in the finest qualities of finest counts. That is merinos.

Mr. Hazarat.—Yes.

President.—But in both the other low qualities, the other two countries can hold its own?

Mr. Addyman.—Has not Japan also captured the market in merino quality on heavier counts?

Mr. Hazarat.—This is merino quality which Japan is offering at a cheaper price. That is 2/20s. This is offered at a low price and therefore people are buying this merino quality.

Mr. Addyman.—Japan has also captured the market in the heavier counts of merino quality.

Mr. Hazarat.—In Merino she has captured all the counts.

President.—Practically the whole market is Japanese?

Mr. Hazarat.—Yes.

Mr. Batheja.—Poland is still sending some fine crossbreds?

Mr. Hazarat.—Yes.

Mr. Batheja.—And British imports are chiefly low class?

Mr. Hazarat.—Yes, common crossbred and fine crossbreds. We are not importing British merino qualities, because they are high-priced.

Mr. Batheja.—Shall I assume that Japan has an undisputed field in the merino quality and in the highest counts?

Mr. Hazarat.—Yes.

Mr. Batheja.—While Poland and United Kingdom are competing in the crossbred qualities?

Mr. Hazarat.—Yes.

President.—We would like you to send in British prices. Mr. Addyman would give you the counts and qualities. I would like you to enlarge a little your assertion that Japanese yarns are inferior in quality. Can you explain a little more?

Mr. Hazarat.—When we are selling these yarns to our buyers, we are receiving complaints that there is not sufficient warmth. They also complain that the articles do not wear well, and suffer more from shrinkage.

President.—Do you get the same complaint in regard to all counts. Fine count or coarse count the complaint is the same?

Mr. Hazarat.—Yes.

President.—By counts I mean spinning counts.

Mr. Hazarat.—This is the only quality which Japan is supplying in large quantities.

President.—What do they mean by warmth, do you know?

Mr. Hazarat.—The hosiery factory people and weaving establishments represent to us that their buyers complain that the wearers feel that they don't get the necessary warmth.

Mr. Rahimtoola.—No resistance to cold?

Mr. Hazarat.—That is right. Frequent complaints are received like that.

President.—There is no reason to suppose that they are not made of pure wool?

Mr. Hazarat.—From the prices at which they are offered, there must be something in the mixing about which we don't know.

President.—That would be in wool mixing. You don't doubt that it is pure wool. Have you tested the yarn?

Mr. Hazarat.—I have not tested the yarn, but I have sent these samples to my suppliers in Great Britain, and they have invariably written that they cannot supply at the price, but they never doubted about the material.

President.—What do you suspect when you say that the Japanese are very clever in mixing?

Mr. Hazarat.—I am only quoting writers like Arnold Pearse. He has stated that Japanese are clever in mixing.

President.—You don't know exactly yourself? How do you understand it? Do they mix inferior and superior wool?

Mr. Hazarat.—I am not a technical man, but I can say if this yarn is offered at Re. 1.4 or Re. 1.5 per lb., there must be some art in mixing the wool in such a way that it may present a good and attractive appearance and yet it can be offered at an attractive price. That is all I can say.

President.—Is it a fact that the prices of Japanese yarns have in some instances been lower than the cost of the material to other people.

Mr. Hazarat.—That is not a fact at all.

President.—You have understood my point. I have heard some complaints that some prices at which Japan sells its yarn are actually lower than the cost of the material to other manufacturers.

Mr. Hazarat.—I can't believe it. In other words they are not dumping.

President.—No, you have misunderstood me. The assertion which I think I am correct in putting like this, is:—A manufacturer in India who wants to manufacture yarn of this type has to import wool from Australia. It has been stated that the price at which he can buy the tops is higher than the price at which Japanese are putting the yarn into the market.

Mr. Hazarat.—Japanese are buying their stuff also from Australia.

President.—It must mean that Japan is buying its raw material very much cheaper than we can buy or the process of manufacture is wonderful.

Mr. Hazarat.—Or they might be buying their material not only from Australia, but Argentine and other places where they can get cheaper wool and they may be mixing both and producing a thing which is attractive and cheap.

President.—The statistics that we have show that the great bulk of the wool come from Australia.

Mr. Hazarat.—Yes, but they are also buying from Argentine.

Mr. Addyman.—They would not obtain merino quality from Argentine.

Mr. Hazarat.—They may be importing from Argentine for mixing.

Mr. Addyman.—I have examined this—your sample, there is nothing but pure merino wool.

Mr. Hazarat.—In this book it is stated that Japan is buying from Argentine, South Africa and Australia—200 million lbs.

President.—Does that give the figure of imports from Argentine?

Mr. Hazarat.—Not from Argentine, but from Australia.

President.—That means the figures of Argentine and South Africa are practically negligible.

Mr. Hazarat.—From Argentine in 1932 wool to the value of 481,000 yens was imported.

President.—Not a big amount compared with Australian imports.

Mr. Hazarat.—Quite.

Mr. Batheja.—Your point is that that may be imported for the purpose of mixing.

Mr. Hazarat.—Yes.

President.—Is the Argentine wool cheaper than Australian?

Mr. Hazarat.—Yes.

Mr. Addyman.—There is a difference in quality, is there not?

Mr. Hazarat.—Yes.

President.—Let us pass on to the comparison of Indian goods with Japanese goods. The Japanese goods cannot be compared with Indian goods either in price or in quality?

Mr. Hazarat.—They cannot be compared.

President.—The quality of Indian goods is much lower and the price higher.

Mr. Hazarat.—Yes.

President.—Have you seen any Indian mill spun yarn to compare with foreign yarn?

Mr. Hazarat.—I have very often sent enquiries to these woollen mills and I have received samples from them and compared the prices. Invariably I have found that the prices of Japanese yarn are cheaper in spite of the addition of the duty.

President.—What about the quality?

Mr. Hazarat.—The Japanese qualities are much better.

President.—Apart from the comparative quality, is the Indian yarn unsatisfactory? Do you know anything about the qualities in use? You have not sold any Indian yarn, have you?

Mr. Hazarat.—No. Whenever I got enquiries, I sent tenders and samples, but so far business has not resulted.

President.—Which are your principal markets?

Mr. Hazarat.—Ahmedabad, Cawnpore, Calcutta, Amritsar and Ludhiana.

President.—Do you sell all hosiery yarn?

Mr. Hazarat.—Also weaving.

President.—Do you have markets for weaving yarn in these centres?

Mr. Hazarat.—In Shikharpur, Kashmir, etc., there are weaving establishments. We are also sending it down south where there are small weaving establishments.

President.—To Madras?

Mr. Hazarat.—Calicut, Malabar and other places in South India.

President.—Where from do you get the figures of dividends paid by the Japanese manufacturers?

Mr. Hazarat.—From the "Oriental Economist".

President.—Is this published in Japan?

Mr. Hazarat.—Yes.

President.—When you say that the cost of labour is low in Japan in comparison with most other countries, you are not comparing Japan with India I suppose.

Mr. Hazarat.—No. I can only say that Japanese labour is more contented, more skilful and more hard-working than the Indian labour.

President.—I was thinking only of the standard of wages.

Mr. Hazarat.—I have not made a comparison. At least I know this that wages in Japan for mill workers are higher than those of minor Government officials.

President.—In Japan?

Mr. Hazarat.—Yes.

President.—As regards your reply to question 8, your belief is that Indian production is not and will not be able to meet either modern or any other type of demand for reasons which are too well known. What are those reasons?

Mr. Hazarat.—They have been given in my reply—managing agency system, heavy capitalisation, debentures and other debts, inefficient management, etc.

President.—Chiefly questions of overhead?

Mr. Hazarat.—I should also say inefficient management.

President.—I include management under overheads.

Mr. Hazarat.—Yes. They are also not in a position to install up-to-date machinery. In Ahmedabad they have installed up-to-date machinery in spite of the managing agency system and in spite of similar evils being prevalent there, they are making profits because they have installed new machinery.

President.—But have you any reason to suppose that the woollen machinery which is installed in India is out of date and inefficient?

Mr. Hazarat.—Certainly. It must be 20 or 30 years old.

President.—Much of it is old.

Mr. Addyman.—Most of the worsted spinning mills in India are as recent as 1922.

Mr. Hazarat.—They are 13 years old. The Bombay Mills I have been seeing for the last 15 or 16 years.

President.—I am basing my remarks on the evidence given by most of the millowners. Some of them consider that their machinery is old and ought to be replaced, but they do not hold that it is inefficient in working. Have you any reason to suppose that there is more up-to-date machinery which has not been installed? Most of the millowners have told us that there have been no changes in the fashion of machinery or types of machinery.

Mr. Hazarat.—I cannot agree with them.

President.—Do you think that it would be possible, by the installation of new spinning machinery, to reduce costs?

Mr. Hazarat.—May I draw your attention to what we say in reply to question 23.

Mr. Batheja.—There you talk of weaving machinery.

Mr. Hazarat.—This is what we say:—"Some of the mills are so heavily overwhelmed by debentures and other debts that they will probably never be able to show any progress. Our opinion is that if a new mill is started with up-to-date and latest type of machinery and is run in a proper and particularly in an honest manner under expert and technical men imported from foreign countries it will show a very good result with very much less protection than accorded to the industry at present."

President.—That is why I am asking in spite of what the Millowners say that they are satisfied with the types of machinery you still think that their types of machinery are out of date and inefficient?

Mr. Hazarat.—I do. The same things are prevalent in England and one very great French writer has written about England's crisis and there the reply to your question is given. Shall I read it to you?

President.—Yes, if it is relevant.

Mr. Hazarat.—It applies with equal force to Indian conditions. "Siegfried, who, as his British translators say, 'is actuated by genuine affection and admiration' for the country he so relentlessly criticises, repeats again and again that England's success in the past 'was due to the coincidence of the variety of exceptional circumstances' and that her fatal habit is to 'look abroad for the causes of her difficulties—always they are the fault of someone else—Her instinct is to try to restore the conditions which suited her, instead of revising her own standards and adapting them to a world in which they are now out of place'.

* * * * *

As to out of date methods let us make the comparison with Japan by some of Siegfried's figures.

'There are 700 spinning and 1,200 weaving companies in Lancashire.'

In Japan there were 60 members of the Cotton Spinners' Association which included weavers on December 31, 1933.

'The 700 managers of these spinning companies and the 1,200 managers of these weaving companies and heaven knows how many others besides are

naturally afraid of re-organisation as its first effect would be to abolish a great many of their executive posts.'

Japan has no such problem as it has long been efficiently organised with a consequent reduction in overheads.

'English manufacturing costs are among the highest in the world.'

Japan's are among the lowest and that without 'sweating' and 'dumping' with which she is unjustly charged.

'In 1930 the Lancashire cotton operatives refused to run 8 looms at once and the dole was there to back them up.'

In Japan the operatives frequently run 30 looms each, and there is no dole."

President.—This is all very general and before we can apply it to the conditions in India, we should like to know whether you have experience which justifies your applying this criticism to Indian conditions.

Mr. Hazarat.—We should not take their statement at their full face value.

President.—Whose statement?

Mr. Hazarat.—The Indian Millowners'. They say that their machinery does not require any change. I say the mills are not run efficiently.

President.—Your criticism is chiefly based on results?

Mr. Hazarat.—They are there for so many years and if they have not attained adult stage after so many years, why should they be treated as infants? Protection is usually given when the industry is in an infant stage. That is what we have learnt in school.

President.—Many of us quickly forgot it!

Mr. Hazarat.—If after so many years they require the same protection a proper enquiry should be made into the matter. Most of the mills, in spite of what they say, are not in a position to install new machinery. They may not have made any enquiries as to whether there are new machineries or not.

President.—It is not easy for them to borrow capital? It is already over-capitalised. Is that what you mean?

Mr. Hazarat.—Something to that effect.

President.—You don't think that there is any marked difference in public demand (see your answer to question 14) for articles made of wool. It is not necessarily inconsistent with your assertion that there is decreased purchasing power.

Mr. Hazarat.—In my opinion there is no increase at present.

President.—Haven't you said that your imports of yarn are increasing in the last few years?

Mr. Hazarat.—Yes.

President.—Where does it go to? It goes to the manufacture of hosiery by hosiery manufacturers.

Mr. Hazarat.—In the year 1935.

President.—The hosiery industry has greatly increased in the last two years. Does that or does that not point to a change in the public taste? Are they not preferring to buy woollen hosiery?

Mr. Hazarat.—I don't think so. Because these goods are offered at cheap prices and they are made in India, people are buying. But they are not buying these goods in place of cotton goods. Formerly they were buying foreign made things.

President.—Your point is that there is no real increase in the demand?

Mr. Hazarat.—No.

President.—You think that the Indian hosiery industry has captured part of the market held by foreign importers.

Mr. Hazarat.—Yes. As a matter of fact, the general standard of living has gone down and people are buying less goods.

President.—Is that consistent with the increase in the woollen trade?

Mr. Hazarat.—I don't follow.

President.—Is it consistent with your theory that people are not buying very much to point out that imports of woollen goods have greatly increased in the last two years both in piecegoods, blankets and hosiery.

Mr. Hazarat.—I have no idea of piecegoods at all.

President.—I am telling you that imports have largely increased. The imports of blankets and piecegoods have largely increased and the imports of hosiery yarn also have largely increased. What we wish to ascertain is whether that is really in response to an increase in demand or a replacement of the demand?

Mr. Hazarat.—I don't think it is an increase in demand. As these things are obtained at very cheap prices, dealers buy them in large quantities and throw them on the market at cheap prices. Prices are so attractive that people buy. If I go out from here and if I see a cheap thing, even if I don't want it, I shall buy it provided it is attractive.

President.—To what do you attribute the spread of the hosiery industry in India and the increase in production?

Mr. Hazarat.—First to the non-co-operation movement; to the idea that everything made in India should be bought.

President.—You mean the swadeshi movement, not the non-co-operation movement.

Mr. Hazarat.—Yes. People gave preference to these goods even though they were more highly priced than foreign goods.

President.—Do you think that the increased duties had had any effect?

Mr. Hazarat.—The increased duties on piecegoods have helped these people. If the duties on woollen yarn were removed, that trade would prosper and a lot of hosiery factories and handloom weavers would be benefited and business would go on. As a matter of fact my point is that the present duties on worsted and hosiery yarns would cripple the hosiery industry and the handloom people.

President.—Is it fair to say "cripple" because the price of Japanese yarn is lower than the price of yarn has ever been?

Mr. Hazarat.—At present they are buying Japanese goods and to some extent English and Polish goods. If the duty is raised they won't buy.

President.—You say the duties have crippled the hosiery industry. My point is, while the duties may have crippled the merchants who are importing from the United Kingdom and Poland and elsewhere, it is not quite true to say that the hosiery industry has been crippled because in place of other yarns Japanese yarns are coming in cheaper.

Mr. Hazarat.—They have to buy in order to run their factories. They have to purchase such goods as would stand comparison with foreign and Indian mill made products, so even if the duty is raised they would have to buy in order to go on because they cannot get their requirements from Indian mills. That is what I want to convey.

President.—We are wandering a little from the point. It is a fact, is it not, that yarns from Japan are coming in so cheaply as to encourage the hosiery industry? Your point is that you would even lower the duty on yarn?

Mr. Hazarat.—I am in favour of its removal altogether.

President.—What is going to be the effect of the removal? Is it going to allow other countries to compete with Japan in the market?

Mr. Hazarat.—It will have a two-fold benefit, one that the hosiery factories will be able to increase their trade and secondly that Indian mills will also have an incentive to prepare better class of cloth. On foreign cloth you can put a duty.

President.—That raises a new issue. You are prepared to let the Indian mills spinning section disappear?

Mr. Hazarat.—They are not able to supply the required type of yarns.

President.—The point I will put is this: If you admit all foreign yarns free of duty as you suggest, Indian mills will not be able to supply even their own yarns for their own requirements at prices lower than the import price and therefore they will have to give up the spinning side of the industry and import yarns for their own use?

Mr. Hazarat.—Not necessarily. They will have a duty on the manufactured cloth.

President.—You would welcome that?

Mr. Hazarat.—I don't believe it will disappear. As a matter of fact the handloom people will get their yarn of good quality at a cheaper price. The hosiery factories will also be benefited and there will be more hosiery factories. At present the mills are also competitors of the hosiery factories.

President.—Is that a good thing or a bad thing?

Mr. Hazarat.—These small people cannot stand against the competition of the mills.

President.—When you say you do not believe that the removal of the duty on yarns would prevent the Indian mills from working their spinning sections, do you imply that the Indian mills will still be able to compete in the market or they will have to restrict their production to the manufacture of their cloth?

Mr. Hazarat.—If they instal up-to-date machinery and if they buy their tops at a cheaper price they will be able to run the spinning section at a profit.

President.—And still be able to compete with foreign yarn?

Mr. Hazarat.—In certain classes; they can compete in fine crossbreds and common crossbreds.

President.—You say the difference in the price of some barometer yarns is as high as 100 per cent. Have you got the prices of the mill made yarns?

Mr. Hazarat.—I have not got Indian mills prices.

President.—Which particular yarns are you thinking of?

Mr. Hazarat.—Weaving yarns.

President.—Imported weaving yarns from Poland 2/64s is about 38d.—I am referring to page 2 of your statement of prices. What would be the price of similar quality of Indian yarn?

Mr. Hazarat.—I do not know the present prices. Once or twice when I was able to buy 2/64s at 38d. a lb. from Poland the Indian mills offered me at about Rs. 3-3 or Rs. 4.

President.—What would be the duty paid price of the Polish yarn 2/64s?

Mr. Hazarat.—About Rs. 2-8-6.

Mr. Batheja.—At what price was the competing product offered to you?

Mr. Hazarat.—About Rs. 4. Some of these fine weaving yarns 2/78s are not spun here and are wanted in Kashmir in large quantities for weaving shawls.

Mr. Batheja.—Is it your contention that they cannot be spun at all here?

Mr. Hazarat.—They may not have the necessary machinery for spinning that fine count.

Mr. Rahimtoola.—Mr. Hazarat, since how long has your firm been dealing in yarn business?

Mr. Hazarat.—Seven years.

Mr. Rahimtoola.—You are dealing only in yarn?

Mr. Hazarat.—Yes.

Mr. Rahimtoola.—Are you a member of the Yarn Merchants' Association?

Mr. Hazarat.—No. Those yarn merchants have got their shops at Tambakanta and I have got my office in the Fort.

Mr. Rahimtoola.—They are not buying directly from Japan?

Mr. Hazarat.—They do. We also get their indents. When we get prices we get business from them also.

Mr. Rahimtoola.—Are you an importing and exporting merchant?

Mr. Hazarat.—I am exporting Indian cotton yarn to Europe and importing silk yarn, woollen yarn and artificial silk yarn.

Mr. Rahimtoola.—You have no personal experience with regard to Indian yarns as such?

Mr. Hazarat.—I have a working experience. I receive enquiries and I send for their prices; I examine the qualities and their prices and even if I don't buy I have experience. I know what particular yarn is worth buying at a particular price.

Mr. Rahimtoola.—In this instance you have given us your opinion about the Japanese yarns on the basis of the experience of those who have used them, namely, that they do not wear well and that in that respect they are defective. I think you can't speak in those terms about Indian yarns?

Mr. Hazarat.—I can. Supposing my buyer comes and tells me that he wants 2/20s and whether I can give him the prices of Indian yarns, Japanese yarns and British yarns I give them all the prices and they talk to me about the qualities.

Mr. Rahimtoola.—That means people who come to you have had experience of Indian yarns though they may not have bought Indian yarn through you?

Mr. Hazarat.—I have sold Indian yarns to some extent.

Mr. Rahimtoola.—You say Japanese yarn is inferior to English and Polish yarn but superior to Indian yarn.

Mr. Hazarat.—Yes; I have handled both the quantities.

Mr. Rahimtoola.—Can you tell me the price of English yarns 2/16s and 2/20s which you have sold recently in large quantities?

Mr. Hazarat.—In January, 1935, I have sold 2/16s at 18*d.* c.i.f. plus 20 per cent. 18*d.* would be equivalent to a rupee and 20 per cent. added to that. Then I sold 2/26s brown mixtures British at 29*d.* c.i.f. and besides these I sold several other counts.

Mr. Rahimtoola.—You are doing business you say on an independent basis. What then do you mean by booking orders of large size?

Mr. Hazarat.—I take small as well as large sized orders. I am usually getting orders, say, for about 1,000 lbs. or 2,000 lbs. from hosiery factories; no order is less than 600 lbs. which is the shippable minimum quantity. Merchants sometimes place orders for 500 bales; that is a large size. I want to show that I am doing business on a large scale but I don't let any business go.

President.—What is the size of a bale of yarn?

Mr. Hazarat.—200 lbs.

Mr. Rahimtoola.—Do you stock goods?

Mr. Hazarat.—I have to carry stocks. These stocks are necessary because some of the buyers say "keep the goods for some time; I will take delivery later on".

Mr. Rahimtoola.—That means they are on their account?

Mr. Hazarat.—Yes, but we do not part with the goods before receiving payment.

Mr. Rahimtoola.—With regard to the various points you have raised about Japan, I suppose you have had personal experience of that country?

Mr. Hazarat.—Point (a) I have taken from a standard book.

Mr. Rahimtoola.—You have not visited Japan?

Mr. Hazarat.—No, but I am very shortly going to Japan, but even if I go how am I going to make a personal enquiry?

Mr. Rahimtoola.—You are importing from big associations.

Mr. Hazarat.—These are correct facts collected by well known writers and technical people from England who have gone there and made observations. I am quoting in many places from Arno Pearse

Mr. Rahimtoola.—Arno Pearse was dealing mostly with the cotton textile industry.

Mr. Hazarat.—I am quoting Sir Gerald Hirst, Mr. G. Ward Price. So far as cotton is concerned Japan does not hedge; Lancashire hedges in cotton. The result is that Japan sometimes is making tremendous profits.

Mr. Rahimtoola.—You say unrivalled skill in spinning and weaving?

Mr. Hazarat.—That is what I say.

Mr. Rahimtoola.—What about unskilled labour?

Mr. Hazarat.—I have taken the opinions of some reliable writers as correct. That is the opinion of Mr. G. Ward Price.

Mr. Rahimtoola.—30 to 60 looms?

Mr. Hazarat.—One operative attends to 60 looms. He says:—"For example the automatic looms for the cotton industry invented by Mr. S. Toyoda and improved by his son permit one woman to handle thirty, fifty or even sixty units of the machine while the conventional British type requires an operative for every four or six units. Platt Brothers of Oldham, England, recently paid a million yen for the license rights for the British Empire".

Mr. Rahimtoola.—Most of the remarks are in reference to cotton.

Mr. Hazarat.—But they can apply to woollens also.

Mr. Addyman.—There is a very wide difference between the two industries.

Mr. Hazarat.—I do not know the technical difference. I have not seen a woollen mill.

Mr. Batheja.—You have no knowledge that one operator in Japan operates 30 to 60 looms.

Mr. Hazarat.—I am quoting a reliable authority.

President.—You are only quoting this as a general example of efficiency of the Japanese textile workmen. If you are thinking of applying that, then it doesn't necessarily apply to woollen things. If workmen are, as a general rule, more efficient, then it can be applied.

Mr. Batheja.—So far as machinery is concerned, there is a general improvement.

Mr. Hazarat.—Certainly.

Mr. Rahimtoola.—Japan is producing all the necessary machinery.

Mr. Hazarat.—Yes.

Mr. Rahimtoola.—Does that apply to the Woollen Industry?

Mr. Hazarat.—Yes.

Mr. Rahimtoola.—They don't purchase anything outside?

Mr. Hazarat.—They don't.

Mr. Rahimtoola.—With regard to the Japanese dividends that you have mentioned, you have marked two or three companies, are they woollen mills?

Mr. Hazarat.—Yes.

Mr. Rahimtoola.—It is written on top 'Textile Rayon'.

Mr. Hazarat.—Rayon mills are also manufacturing cotton and woollen textiles.

Mr. Rahimtoola.—I want to know whether they are woollen.

Mr. Hazarat.—Toyo muslin.

Mr. Rahimtoola.—Others are not altogether woollen. They paid about 25 to 28 per cent. We have got one mill here which is now a branch of

the cotton mill. If the cotton mill makes a profit, the woollen mill is also supposed to have made a profit.

Mr. Hazarat.—If you like I can give the dividends of all woollen mills in Japan.

Mr. Rahimtoola.—I only pointed out my difficulty in understanding because the heading is different.

Mr. Hazarat.—Toyo muslin is a very large woollen mill. If she is producing artificial silk and woollen yarn, she might be producing 75 per cent. woollen and 25 per cent. artificial silk. I can get the information.

Mr. Rahimtoola.—In answer to question 14 you say: "There is not according to our view any noticeable increase in demand for articles made of wool". You don't attribute that to the hosiery expansion of the industry.

Mr. Hazarat.—I don't think there is an increase.

Mr. Rahimtoola.—With regard to your answer to question 19, I am afraid you have made a very general charge and used very strong language with regard to the Managing Agency system. You attribute all those defects and losses that occur to the incapacity to make any changes in the machinery and to install up to date machinery.

Mr. Hazarat.—There are so many old mills in Bombay.

Mr. Rahimtoola.—I suppose you are talking of the cotton mills.

Mr. Hazarat.—Also woollen mills.

Mr. Rahimtoola.—Only two.

Mr. Hazarat.—Just look at their condition. Do these remarks not apply to those mills?

Mr. Rahimtoola.—I am asking you.

Mr. Hazarat.—I do mean it.

Mr. Rahimtoola.—Have you had any personal knowledge about the working of these two mills?

Mr. Hazarat.—In a general way I have.

Mr. Rahimtoola.—The remarks are rather strong.

Mr. Hazarat.—I think these ideas are generally admitted.

Mr. Rahimtoola.—I do not know whether they are admitted. I know they are stated. In answer to question 17, you say: "A tax on imported raw wool will certainly help the producers". How do you mean?

Mr. Hazarat.—Yes producers of wool.

Mr. Rahimtoola.—At present they are not able to produce any kind of superior wool like merino or even better quality of crossbreds. What is the amount or the period of protection which you think should be given?

Mr. Hazarat.—I have no idea.

Mr. Rahimtoola.—You are not in favour of the protection being granted to the woollen industry.

Mr. Hazarat.—Not so far as hosiery yarns are concerned. They should be exempt from duty—hosiery and weaving yarns.

Mr. Rahimtoola.—I am talking of that.

Mr. Hazarat.—About piecegoods I have no idea.

Mr. Rahimtoola.—In respect of that there should be an increase in duty and a decrease in duty or abolition of the duty on yarn.

Mr. Hazarat.—From the mills point of view if there is a duty on piecegoods, they may have an advantage.

Mr. Rahimtoola.—If they are getting yarns cheaper, as a result of no duty on yarn, you will admit that mills would rather prefer to import their yarns.

Mr. Hazarat.—In some cases.

Mr. Rahimtoola.—In that case the value or cost of the woollen goods will be much cheaper than it is to-day, because they are using compared to Japanese yarn expensive yarn as far as prices are concerned.

Mr. Hazarat.—They are spinning yarn.

Mr. Rahimtoola.—How will they be able to spin yarn?

Mr. Hazarat.—They can spin very coarse yarn and very fine merino qualities they can import.

Mr. Rahimtoola.—Your proposal is to abolish the duty on yarns altogether?

Mr. Hazarat.—Yes.

Mr. Rahimtoola.—Then how can they meet the competition even in coarser yarn against Japanese?

Mr. Hazarat.—Because there will be a duty on piecegoods.

Mr. Rahimtoola.—If they are only importing yarn, it would be much cheaper.

Mr. Hazarat.—I don't follow you.

Mr. Rahimtoola.—At present they have got to incur expenditure for the manufacture of yarn.

Mr. Hazarat.—Are you talking of the mills?

Mr. Rahimtoola.—Yes. You are asking for an increase of duty over and above what it is to-day in the interests of the woollen mills. I am now confining my remarks to the woollen mills. At present they are paid a certain amount of money for the yarns they are producing in their spinning departments. They are not able to sell that yarn at competitive price with the present form of duty against other countries.

Mr. Hazarat.—That is because they are not producing yarns of the right quality—superior quality.

Mr. Rahimtoola.—Even if they do.

Mr. Hazarat.—If the yarns are exempt from duty, they can spin the yarns of rough counts and for higher merino counts they can import.

Mr. Rahimtoola.—Even if they spin yarn, you will admit that the cost price of that yarn will be much higher than it is of the imported yarn.

Mr. Hazarat.—In common crossbreds Japan is not competing.

Mr. Rahimtoola.—The taste of the public is changing. If they can get a better class of goods at a cheaper price, nobody will prefer common crossbred.

Mr. Hazarat.—There will be a demand for rough crossbreds.

Mr. Rahimtoola.—The demand will be getting less and less. In spite of the present duty look at the proportions of yarns you are importing. You say that you are importing 75 per cent. of Japanese yarn and Japan is only selling one quality, viz., merino quality. Therefore it is quite reasonable to assume that the taste of the public is changing, because they require better quality of goods if they get at a cheaper price.

Mr. Hazarat.—If they get a good article at cheap price they would buy.

Mr. Rahimtoola.—If you abolish the duty on yarn, the woollen goods made in India will be much cheaper.

Mr. Hazarat.—Certainly.

Mr. Rahimtoola.—Then the duty need not be increased.

Mr. Hazarat.—No.

Mr. Rahimtoola.—If goods will be much cheaper, why do you want to burden the consumer?

President.—My colleague's point is that if owing to the importation of foreign yarns, the cost of production of the cloth becomes less; the need for protection would be less. There will be no need to put a protective duty on the cloth. So the price of cloth will not go up and the mills will get more profit owing to the production in the cost of production.

Mr. Batheja.—You have been good enough to supply us with samples of foreign yarn. Have you got comparable Indian mill made yarn?

Mr. Hazarat.—No. I have got samples for which I have quoted prices.

Mr. Batheja.—When you enquired from the local mills or Indian mills about the supply of Indian yarns, was your main dissatisfaction to carry on

business with them due to the disparity in price or to the difference in quality?

Mr. Hazarat.—As a matter of fact both.

Mr. Batheja.—You wanted business at a particular price?

Mr. Hazarat.—Yes.

Mr. Batheja.—Did you experience any difficulty in getting yarn of the quality which you wanted from these Indian mills irrespective of the price?

Mr. Hazarat.—Once or twice there was a big enquiry of about 20,000 lbs. of 2/20s and 1/16s in merino quality. I sent these enquiries to several mills.

Mr. Batheja.—To what mills?

Mr. Hazarat.—To several mills most of the mills who have made their representation. They sent me samples which were not satisfactory and the prices were also high and besides their delivery time was not suitable.

Mr. Batheja.—I want you to confine your attention to one point, viz., if the price did not exist, would the Indian mills be able to supply your requirements as regards quality?

Mr. Hazarat.—They would not be able to supply merino qualities. At a fancy price, they would be prepared. The merino quality Japan may be able to supply at Rs. 2-8 to Rs. 2-12.

Mr. Batheja.—Have they expressed their inability to manufacture these things irrespective of price? I want to eliminate the price factor. I want to know whether they have any inherent defect.

Mr. Hazarat.—As regards fine quality they cannot.

Mr. Batheja.—Have they told you?

Mr. Hazarat.—We sent enquiries and they said "We are not interested in this enquiry".

Mr. Batheja.—Did they say that they could not manufacture?

Mr. Hazarat.—They simply said "they are not interested in this enquiry".

Mr. Batheja.—Is it your impression from their replies to this enquiry that the Indian mills have got with their present organisation an inherent disability to manufacture fine qualities of yarn?

Mr. Hazarat.—I don't think they will be able to manufacture some weaving qualities. In hosiery also they may perhaps be able to manufacture merino qualities, but not at workable prices or on a commercial scale.

Mr. Batheja.—You have described your marketing organisation in answer to question 6. I take it that you, as an importer, do compete with the Agents of the mills when they are trying to sell their yarn.

Mr. Hazarat.—With the Agents of the mills.

Mr. Batheja.—The mills sell their yarn through agents. Some of them do not sell directly. As an importer you are competing with their agents in the same market, is not that so?

Mr. Hazarat.—I don't think so, because most of the business I am doing is in Ahmedabad and other places.

Mr. Batheja.—In reply to a question from the President, you said that you are selling your goods in different places.

Mr. Hazarat.—Yes.

Mr. Batheja.—What exactly is your organisation of selling. Have you got branches?

Mr. Hazarat.—I have got correspondents and other constituents.

Mr. Rahimtoola.—Merchants in those places?

Mr. Hazarat.—Yes.

Mr. Batheja.—They indent on you and you supply against orders.

Mr. Hazarat.—Yes.

Mr. Batheja.—So that you have got no knowledge of the methods of marketing which are pursued by the mill agents in those areas?

Mr. Hazarat.—Yes.

Mr. Batheja.—You cannot supply any information as to whether they are efficient or inefficient or not.

Mr. Hazarat.—About the mills marketing methods, I do not know.

Mr. Batheja.—I think if you had agents of your own and if you had been competing with them, you would know something about their methods.

Mr. Hazarat.—I do not know about their marketing methods.

Mr. Batheja.—Do you import direct or through an Importing House in Bombay?

Mr. Hazarat.—In all cases direct.

Mr. Batheja.—What charges have you to incur after the goods arrive and until the stage when they reach the upcountry markets? Can you describe some of those charges.

Mr. Hazarat.—Usually our goods are bought c.i.f. Bombay or Karachi. Supposing we buy goods from Great Britain, we buy on the basis of c.i.f. Bombay.

Mr. Batheja.—Do you get any discount?

Mr. Hazarat.—2½ per cent. discount.

Mr. Batheja.—On the c.i.f. value as supplied by the manufacturers or exporters?

Mr. Hazarat.—Yes.

Mr. Batheja.—Is it practically the same in Great Britain, Poland and Japan?

Mr. Hazarat.—It is all a matter of arrangement. Usually we are satisfied with 2½ per cent.

Mr. Batheja.—That is your arrangement?

Mr. Hazarat.—Yes.

Mr. Batheja.—On the c.i.f. value you get 2½ per cent. discount as an importer?

Mr. Hazarat.—Yes.

Mr. Batheja.—What are the expenses incurred by you?

Mr. Hazarat.—When the goods arrive here, port trust charges and customs duties have to be paid and then we rail the goods.

Mr. Batheja.—Your goods reach your godown and the price becomes ex-godown price. Do you put on your profit.

Mr. Hazarat.—We are usually selling in sterling prices. We don't take the risk of the duty on our own account.

Mr. Batheja.—Do you book your orders in sterling?

Mr. Hazarat.—Yes or in yen when we buy from Japan.

Mr. Batheja.—The rest of the expenditure is incurred by the person who indents his goods from you?

Mr. Hazarat.—Exactly.

Mr. Batheja.—Do you compare bale costs in Bombay? You add duty, landing charges and freight.

Mr. Hazarat.—Railway freight we don't add. We have to add only Bombay port charges—a small amount which we have to pay to the clearing agents.

Mr. Batheja.—What is the amount you pay to the clearing agents?

Mr. Hazarat.—12 annas or 8 annas for the whole bale—landing charges and sending goods to the railway station. If we want to find out the f.o.r. Bombay price, we add 30 per cent. Customs duty and about 2 pies per lb. for all these charges included, to the c.i.f.

Mr. Batheja.—30 per cent. for foreign yarn and 20 per cent. for British.

Mr. Hazarat.—Yes.

Mr. Batheja.—You make out a bill accordingly on the indenter?

Mr. Hazarat.—Yes.

Mr. Batheja.—Where does your profit come in?

Mr. Hazarat.—When we pay the draft, we get 2½ per cent.

Mr. Batheja.—That is your commission.

Mr. Hazarat.—Yes.

Mr. Batheja.—So that the price is fixed in such a manner as to enable you to recoup for your troubles in advance.

Mr. Hazarat.—Yes.

Mr. Batheja.—You say you allow sometimes brokerage of ½ per cent. on the selling price. What do you mean by selling price?

Mr. Hazarat.—C.i.f. price.

Mr. Batheja.—Who are these gentlemen who put business into your hands? Are they some special brokers?

Mr. Hazarat.—There are many brokers in Bombay who have got their friends in upcountry.

Mr. Batheja.—Are they really brokers or commission agents?

Mr. Hazarat.—Some of them are brokers and some of them commission agents. There are some people who take our prices and go to prospective purchasers and bring offers to us and then we negotiate by cable and the business is done. We give them ¼ per cent.

Mr. Batheja.—Do you give them ¼ per cent. on your profit?

Mr. Hazarat.—From our profit.

Mr. Batheja.—Does the customer pay also brokerage to these parties?

Mr. Hazarat.—That is not the custom. If he feels inclined to oblige him, he may do so.

Mr. Batheja.—Generally the brokerage comes from you.

Mr. Hazarat.—Yes.

Mr. Batheja.—The railway freight is very small. Does it constitute a very serious disability?

Mr. Hazarat.—If we send goods to Rawalpindi, it comes to one anna.

Mr. Batheja.—It is not a serious difficulty.

Mr. Hazarat.—No.

President.—It is paid at the other end on delivery.

Mr. Hazarat.—Yes.

Mr. Batheja.—I don't want to go over the same ground covered by my colleagues about the efficiency of Japanese manufacturers but is it possible that the source of your information as contained in that book may be biased because these American journalists have been writing a number of articles which I have read in the Japanese papers.

Mr. Hazarat.—I am not holding a brief for these journalists.

Mr. Batheja.—Sometimes they don't appear to be very scientific.

Mr. Hazarat.—Even if we were reading the same book, our conclusions or inferences might be different. The writer has quoted the opinions of French and other foreign writers.

Mr. Batheja.—I don't want to question their statements. After all you may select quotations which are biased.

Mr. Hazarat.—You may take this book and read it for yourself.

Mr. Batheja.—I know the author. I have read some of his articles in Japanese papers. He writes frequently praising the Japanese. I don't say the praise is not deserved. It is possible there may be a little bias.

Mr. Hazarat.—I don't think so.

Mr. Batheja.—You have supplied us some information in reply to the same question about the weaving efficiency of the Japanese. Is there any special efficiency of the Japanese in spinning which you have come across in your experience or in any of the writings? After all, you have large interests in yarn trade. Just at present we are more concerned with spinning than weaving.

Mr. Hazarat.—I am also concerned with cotton yarn.

Mr. Batheja.—Have you come across any either in your experience or from a study of any literature on the subject?

Mr. Hazarat.—They have special aptitude for spinning woollen, cotton and silk yarns.

Mr. Batheja.—I am talking of spinning.

Mr. Hazarat.—I am also talking of spinning yarn. Japanese yarns are sold in very large quantities in the Bombay markets and never a complaint is raised.

Mr. Batheja.—I want to know whether the Japanese woollen spinning machinery is more efficient.

Mr. Hazarat.—Yes, it is.

Mr. Batheja.—I am confining my remarks to spinning and that too to woollen spinning.

Mr. Hazarat.—I cannot just point out, but I have read several writings in which it is stated that many additions and other improvements are made.

Mr. Batheja.—Coming to your reference to their knowledge of mixing, is it possible that the superior feel of the Japanese merino yarns is due to mixing with silk waste?

Mr. Hazarat.—Then the British manufacturers would be able to find that out.

Mr. Batheja.—You have no knowledge. You cannot explain why the Japanese yarn feels softer and at the same time is cheaper.

Mr. Hazarat.—I can attribute it to good mixing. If there was any admixture, the British manufacturers would have been able to find that out. I sent it to half a dozen of them and they all stated that it was pure wool.

Mr. Batheja.—Is it your experience that the Japanese yarns taken as a whole have got a better feel than the corresponding European yarn?

Mr. Hazarat.—The Polish yarn and the British yarn are better in twist and in strength.

Mr. Batheja.—I am talking of handle.

Mr. Hazarat.—The Polish yarn is superior. The quality of the British yarn is superior to Japanese but it is only when prices are compared Japan scores. As regards quality, the British people are giving full English counts whereas these people are giving millimetre counts. About their marketing methods there is something to be said. We are also doing business in cotton yarn. If we have to sell 5 or 10 bales of cotton yarn of our British suppliers, we have to show them samples, quality and everything, whereas the Japanese mills have combined together and adopted such a practice that no question is asked. Hundred bales of any material we can easily get from stock and sell them equally easily. If I sell certain styles of a particular bale of England, I cannot sell any other.

Mr. Batheja.—That means in Japan the industry is cartelised. There is much greater union amongst the Japanese mills than amongst the British competitors. Is that your point?

Mr. Hazarat.—Yes.

President.—If you want a particular Japanese yarn, you may order it from anybody.

Mr. Hazarat.—Yes. Everybody knows that British cotton yarn is much superior to Japanese, but they will ask for sample, quality and strength and

then they will ask us to write in the order book all the contract conditions. As regards Japanese yarn, they have adopted such a practice that we have only to say "buy 50 bales of this or that".

Mr. Batheja.—The Japanese industry is more or less rationalised and cartelised. They have a common selling organisation for selling woollen yarn.

Mr. Hazarat.—No. We can buy from several Japanese shippers.

Mr. Batheja.—Are you aware that they have got a selling syndicate?

Mr. Hazarat.—I am aware that there is no such syndicate.

Mr. Batheja.—In reply to question 17 you have stated that a tax on imported raw wool will certainly help the producer. Are you in favour of such a duty on raw wool?

Mr. Hazarat.—I just mentioned it because I thought that the raw wool producers might be benefited. I really do not know anything about it.

Mr. Batheja.—Otherwise, if you are in favour of this suggestion it is slightly inconsistent with the suggestion that yarn should come in duty free. If your suggestion is accepted what will happen is instead of sending wool, foreigners will send yarn.

Mr. Hazarat.—Quite.

Mr. Batheja.—Have you experience of North Indian woollen mills?

Mr. Hazarat.—Yes.

Mr. Batheja.—In what way?

Mr. Hazarat.—That is I have been supplying some chemicals and stores to them and I have sent enquiries for woollen yarns also.

Mr. Batheja.—Are they able to meet your requirements?

Mr. Hazarat.—There is always this difficulty about price.

Mr. Batheja.—Do you have the same difficulty as regards quality?

Mr. Hazarat.—In superior quality I could not get a workable price. There was a lot of difference.

Mr. Batheja.—Are the remarks which you have made in reply to question 19 about the mills to which my colleague referred applicable to Northern mills?

Mr. Hazarat.—You mean the managing agency system and other things?

Mr. Batheja.—Yes.

Mr. Hazarat.—One can say in an off-hand manner that the originators of the woollen mills also formerly were originators of cotton mills. They started cotton mills first and then went in for the woollen mills.

Mr. Batheja.—You don't apply them to the Northern Mills?

Mr. Hazarat.—There is no managing agency system?

Mr. Batheja.—There are managing agents.

Mr. Hazarat.—There is no managing agency system.

President.—Where there are no managing agents, your remarks don't apply.

Mr. Hazarat.—No.

Mr. Batheja.—I am given to understand that the system of counts as adopted in England is somewhat different from the system which is in vogue in other countries.

Mr. Hazarat.—Yes. England is giving full counts. If it is 2/20s they give full 2/20s count.

Mr. Batheja.—Other countries have metric counts.

Mr. Hazarat.—Yes. 2/20s would come to 2/18s.

Mr. Batheja.—There is a 5 per cent. difference.

Mr. Hazarat.—Yes.

Mr. Batheja.—The Japanese have metric counts.

Mr. Hazarat.—Yes.

Mr. Batheja.—In reply to question 22, you have mentioned the exchange advantage enjoyed by England as against the gold standard countries. Did you ever enquire from your friends in England why they are not able to compete with their competitors in spite of this exchange advantage?

Mr. Hazarat.—I have asked them why they are not able to supply at competitive prices with Poland and France.

Mr. Batheja.—Have you received any reply to that query of yours specifying this exchange factor?

Mr. Hazarat.—Every time I compare my prices in my list I ask “why are you not in a position to supply goods at equal prices with Poland and France although those countries are on gold and you are off gold” but no satisfactory reply is given. They say that these are our prices.

Mr. Batheja.—They refuse to discuss the matter.

Mr. Hazarat.—I do not know why. They simply say these are the prices. The same thing happens in artificial silk also. The British prices are much higher than the Italian prices or the Dutch prices.

Mr. Batheja.—You are of course against protecting Indian yarn against Japanese yarn. Presuming that there was a case for such a course, I suppose you would not admit equally any case of protecting Indian yarn against European yarn.

Mr. Hazarat.—Quite so.

Mr. Batheja.—Are you in touch with your customers in the north of India who buy yarn from you?

Mr. Hazarat.—Yes.

Mr. Batheja.—Have you any knowledge whether they are flourishing or not?

Mr. Hazarat.—Not about northern India, but the Ahmedabad people I know.

Mr. Batheja.—Are the hosiery concerns flourishing in Ahmedabad?

Mr. Hazarat.—They have been complaining that on account of the higher price of yarn they are not making good profits.

Mr. Batheja.—Are they still making profits?

Mr. Hazarat.—They ought to be making good profits but to what extent I do not know.

Mr. Batheja.—Your business in yarn has increased in the Punjab and Ahmedabad?

Mr. Hazarat.—Yes. During 1930-31 and 1931-32 not much business was done in foreign yarns.

Mr. Batheja.—When did you find your business most brisk with these hosiery factories?

Mr. Hazarat.—In 1933 I think.

Mr. Batheja.—You do not know what scale of profits they were making in 1933-34?

Mr. Hazarat.—No. In course of casual conversation they might have spoken but I do not remember.

Mr. Batheja.—Every dealer wants to satisfy himself about the solvency or otherwise of the man with whom he is dealing and he gets an impression in the course of conversation with his customer about his business dealings?

Mr. Hazarat.—One does not like to discuss such questions as profits and so on. They would not give us that information, but I know they are all good parties.

Mr. Batheja.—Do you import any mixed yarns?

Mr. Hazarat.—Yes.

Mr. Batheja.—What do you mean by mixed yarns?

Mr. Hazarat.—Artificial silk yarn mixed in raw white or in colours. We are importing mixed yarn 50 per cent. artificial silk and 50 per cent. wool.

Mr. Batheja.—That means there are some yarns which have got a mixture of 50 per cent. artificial silk and 50 per cent. wool in the blend in the raw material?

Mr. Hazarat.—Yes. The yarn becomes very soft.

Mr. Batheja.—For what purpose are they used?

Mr. Hazarat.—For hosiery and pullovers.

Mr. Batheja.—Is there a large amount of this kind of material coming in?

Mr. Hazarat.—I have imported fairly good quantities about 50 bales—10,000 to 20,000 lbs. in a year.

Mr. Batheja.—Is it getting more popular?

Mr. Hazarat.—It is certainly popular.

Mr. Batheja.—Are they cheaper than pure woollen yarns?

Mr. Hazarat.—Yes, because artificial silk is much cheaper.

Mr. Addyman.—I understood you to say that your experience has been that the Indian mills cannot supply qualities of yarn equal to those being imported, I refer to merino chiefly. You attribute this to old machines, etc. Would you mind comparing these and giving your opinion? Here you have your own sample Japanese 2/20s and here is another, Indian spun yarn 2/20s; another Indian spun yarn 2/20s from another mill and your yarn from Poland 2/20s; would you kindly compare them and give us your opinion? (Samples shown.)

Mr. Hazarat.—This is not a good quality yarn. The threads stick together in the case of the Indian mill. They are not easily separated. But these would pass certainly if offered on at a commercial price.

Mr. Addyman.—And the Japanese sample?

Mr. Hazarat.—There is a slight difference in the appearance due to more colouring and spinning.

Mr. Addyman.—What is your opinion as a yarn merchant? How do these two Indian spun yarns compare with the Japanese based on the quality of material and spinning?

Mr. Hazarat.—I would not disapprove of these two qualities.

Mr. Addyman.—So that it would appear that Indian mills can produce these yarns?

Mr. Hazarat.—I was referring to weaving yarns.

Mr. Addyman.—Here is a sample of Bradford 2/64s. Will you compare with this quality produced in India?

Mr. Hazarat.—I would not call it good quality. I could send you samples. If you would give me a list of things you want I will send you samples to-morrow.

Mr. Addyman.—Are you interested in knitting yarns?

Mr. Hazarat.—To a small extent.

Mr. Addyman.—What do you think of those Indian productions compared with what you are dealing in (samples shown)?

Mr. Hazarat.—These are rough qualities but these can be sold, if they are available at competitive prices. I can send you samples of these also to enable you to compare them.

Mr. Batheja.—In sending the samples will you send samples exactly comparable?

Mr. Hazarat.—That would be difficult.

Mr. Batheja.—As nearly comparable as possible, with the statement of prices?

Mr. Hazarat.—Yes.

Mr. Addyman.—Here is a 2/32s weaving merino Indian spun (shown).

Mr. Hazarat.—I would not call it as good a quality as the hosiery yarn.

Mr. Addyman.—Could you send samples in that kind?

Mr. Hazarat.—Yes. I will send you 2/36s.

Mr. Addyman.—2/36s would be all right. When you import your yarn it is all scoured yarn?

Mr. Hazarat.—In England these yarns are spun in oil but in Poland, Japan and France they are dry spun.

Mr. Addyman.—Do you buy the yarn from England where the yarn is spun in oil in scoured condition?

Mr. Hazarat.—Always scoured.

Mr. Addyman.—Have you any experience of your yarn bales losing in weight?

Mr. Hazarat.—I have not had any complaint. As a matter of fact I have never checked those and buyers have always accepted my weight.

Mr. Addyman.—One would assume that if there was less weight you would have complaint.

Mr. Hazarat.—Even then they would accept the invoice weight. When you are talking of Polish yarn we had complaint that yarn supposed to be weighing 10 lbs. weighed 9½ or 9¼ lbs.

Mr. Addyman.—I asked the question because we have been told that one reason why Bradford spinners can place yarn on the market and sell at a lower price than spinners in India is due to an 18 per cent. allowance for moisture.

Mr. Hazarat.—That may be correct, but I have no experience of that. Usually British yarns are full weight and there has never been any complaint. With regard to Japanese and Polish yarns there have always been complaints. One must say that there has never been any complaint about English yarns as regards weight.

Mr. Addyman.—Are these prices you have given compiled from your own records?

Mr. Hazarat.—Yes.

Mr. Addyman.—If you will refer to your statement for the moment: take 29th November 1930—rough crossbred quality 20d.; in column 3 merino quality for the same period 23½d. There is difference of 8½d. between rough crossbred quality and merino. If you go down to 21st March 1934 you will find the c.i.f. price of crossbred yarn as 19d. and the price for merino 43d.; there you have a difference of 24d. In one case there is a difference of 8½d. and in the other a difference of 24d. We recognise that you cannot always expect an exact ratio in these prices but the difference does seem to me to be extremely wide.

Mr. Hazarat.—These are exactly the prices received.

Mr. Addyman.—Can you account for this?

Mr. Hazarat.—I think the price of raw wool in those qualities might have gone up; prices of merino and fine crossbred qualities must have gone up. I have also got a complete list of prices of tops for some years.

Mr. Rahimtoola.—It might be a question of demand and supply.

Mr. Hazarat.—No.

Mr. Rahimtoola.—In that year there is no greater demand.

Mr. Hazarat.—No.

Mr. Addyman.—Supply and demand does affect prices? That is my experience, is it not yours?

Mr. Hazarat.—No. They might be getting particular tops at a higher price, and Common crossbred tops at a cheaper price.

Mr. Addyman.—Are these actual prices from your own records?

Mr. Hazarat.—They are. As a matter of fact I have checked them, and I can show you the original letters.

Mr. Batheja.—Have you got a general explanation of the causes of variation from 1929-35? Do I take it that prices have generally moved higher from 1932 to 1935?

Mr. Hazarat.—Yes.

Mr. Addyman.—Take the rough crossbred qualities. These are Polish prices. You will find the difference in price between the first item and the last item in the statement. The fall in common crossbred is 37 per cent. The drop in the fine crossbred is only 16 per cent.

Mr. Hazarat.—Yes.

Mr. Addyman.—And the drop in the merino quality is only 15½ per cent.

Mr. Hazarat.—Yes.

Mr. Addyman.—Could you give us any reason for that difference in percentage?

Mr. Hazarat.—All I can say from my experience is that the common crossbred quality is not approved of by the buyer and there is not much demand.

Mr. Addyman.—That might possibly account for it.

President.—What about these prices of English yarns? Which would you like to have particularly, Mr. Addyman for comparative purposes?

Mr. Hazarat.—Do you want present prices?

Mr. Addyman.—Yes of English yarns.

Mr. Hazarat.—Which counts?

Mr. Addyman.—2/64s weaving yarn English. We want to know the prices for counts somewhere between 2/48s and 2/56s weaving yarn.

Mr. Hazarat.—If I give some of these in single, could you understand the prices of double?

Mr. Addyman.—We can always add the doubling cost.

Mr. Hazarat.—1/60s.

Mr. Addyman.—Single 60s?

Mr. Hazarat.—Yes.

Mr. Addyman.—You might be able to obtain a price for twofolds.

Mr. Hazarat.—51½d. 2/60s 52½d.

Mr. Addyman.—The difference will be more than that. You might give us anything you can and if it is not readily available, you can send the price of 2/64s later.

Mr. Hazarat.—1/60s is 51½d.

Mr. Addyman.—Price of 1/60s will be interesting, but I want the price for 2/64s.

Mr. Hazarat.—I haven't got it just now.

Mr. Addyman.—2/48s and 2/56s.

Mr. Hazarat.—2/48s 45d.

Mr. Addyman.—Is that weaving yarn?

Mr. Hazarat.—That is hosiery yarn. 2/52s hosiery yarn is 48d.

Mr. Addyman.—These are c.i.f.

Mr. Hazarat.—C.i.f. less 2½ per cent. 2/60s is 52d.

Mr. Addyman.—Is that hosiery or weaving yarn?

Mr. Hazarat.—Hosiery.

Mr. Addyman.—There is certainly not much difference between the prices of hosiery and weaving yarns.

Mr. Hazarat.—We can find that out.

Mr. Rahimtoola.—Are they recent prices?

Mr. Hazarat.—Absolutely latest.

- Mr. Addyman.*—Have you got the prices for 2/36s Merino British?
- Mr. Hazarat.*—Yes 36½d.
- Mr. Addyman.*—Is that hosiery or weaving?
- Mr. Hazarat.*—Hosiery. In respect of weaving yarn 1/20s scoured, the price is 22d. but that is not a good quality.
- Mr. Addyman.*—That is crossbred of course.
- Mr. Hazarat.*—Yes, and 2/20s in oil is 20d. 1/24s scoured weaving is 23d.
- Mr. Addyman.*—That is weaving yarn?
- Mr. Hazarat.*—Yes.
- Mr. Addyman.*—What is the price for 2/20s hosiery merino?
- Mr. Hazarat.*—33½d.
- Mr. Addyman.*—Have you got price for heavier counts of hosiery 2/16s or 2/12s?
- Mr. Hazarat.*—Merino quality 2/10s to 2/24s is 33½d., and 2/28s 34d.
- Mr. Addyman.*—Is that hosiery or weaving?
- Mr. Hazarat.*—Hosiery. 2/20s is 34½d. and 2/30s 35d.
- Mr. Addyman.*—You have not been able to give us the price for 2/64s can you send it later?
- Mr. Hazarat.*—Yes.
- Mr. Addyman.*—Would it be possible also to supply samples of these various counts for which you have given prices?
- Mr. Hazarat.*—I can send one sample. That will suit you so that you could satisfy yourself that the quality is merino.



सत्यमेव जयते

MESSRS. MANGALDAS KAHANDAS AND COMPANY, BOMBAY.

**Evidence of Mr. KAHANDAS VITHALDAS recorded at
Mahableshwar on Saturday, the 13th April, 1935.**

President.—You are Mr. Mangaldas Kahandas?

Mr. Kahandas.—No. I am Kahandas Vithaldas: I am a partner in the firm of Messrs. Mangaldas Kahandas.

President.—You are a merchant in blankets and rugs?

Mr. Kahandas.—Yes.

President.—You say in answer to question 7 that “it is reported that producers have certain rates for home consumption and very much lower rates for exports . . .”

Mr. Kahandas.—That is so.

President.—Have you experience of this?

Mr. Kahandas.—I cannot confirm it.

President.—Are mixtures coming in large quantities?

Mr. Kahandas.—50 per cent. of blankets coming from Japan are mixtures; against these the handloom people cannot compete in price.

Mr. Batheja.—Pure woollen blankets are also coming from Japan?

Mr. Kahandas.—Yes.

President.—You understand, don't you, that in the case of blankets the duty is 25 per cent. *ad valorem* whatever the material, but in the case of cloth the specific duty applies to pure wool and not to mixtures?

Mr. Kahandas.—I understand that.

Mr. Batheja.—Whether it is a cotton blanket or a woollen blanket it bears the same duty.

Mr. Kahandas.—Yes. In the case of a pure wool blanket coming from Japan the duty is 25 per cent. while a shawl cloth pays a duty of Re. 1-2.

President.—That is piecegoods.

Mr. Kahandas.—The import of shawl cloth which bears a duty of Re. 1-2 per lb. and was coming from France is now much less but the quality manufactured from merino yarn in India is far superior to that quality. If there was no duty on shawl cloth the price of this coming from France would be Re. 1-6 for a $2\frac{1}{2}$ yards piece 44" x 90" ready dyed and finished weighing 12 oz.

President.—Is it shawl cloth or shawls that is coming from France?

Mr. Kahandas.—Shawl cloth from which shawls are made in Amritsar.

Mr. Batheja.—Are shawl cloths also coming from Japan?

Mr. Kahandas.—Yes, but more yarn comes from Japan from which they make shawl cloth in Amritsar.

Mr. Batheja.—How does this French quality compare with the quality coming from Japan?

Mr. Kahandas.—The Japanese quality is superior.

Mr. Batheja.—That is merino and the French is crossbred?

Mr. Kahandas.—Yes.

Mr. Addyman.—This quality chiefly came from France and not from Germany?

Mr. Kahandas.—The German quality was superior; this crossbred is purely from France. The German was merino quality.

Mr. Addyman.—Have you got this quality in the market?

Mr. Kahandas.—A very small quantity. It has become costly since the duty has been levied at Re. 1-2. Before the duty was put on it was not possible to manufacture these in India because of the price. Rs. 2-2 was the price last year; before that it was Rs. 2-4 per lb. Whatever the size—30 oz., 26 oz. or 22 oz.—the price is the same; it depends on the weight.

Mr. Batheja.—Do you get Indian now?

Mr. Kahandas.—Yes. The rate is Rs. 2 per lb. for this cloth this year.

Mr. Batheja.—What mills are manufacturing these?

Mr. Kahandas.—The Lahimli and Dhariwal Mills in the Punjab and the Raymond Woollen Mills and the Indian Woollen Mills in Bombay.

Mr. Batheja.—Before the duty was put the price was Rs. 2-4 and now it is Rs. 2?

Mr. Kahandas.—The price of tops is much less this year. Last year the price of tops was 15½d.; this year it is 10d. per lb. 44s and 46s cross-breeds are 10d. this year.

Mr. Rahimtoola.—You purchase Indian goods by the lb. and those from France you buy at the piece rate?

Mr. Kahandas.—French shawl cloth comes in 2½ yards pieces.

Mr. Rahimtoola.—2½ yards weighing 12 oz.?

Mr. Kahandas.—Indian mills sell by weight but before that we were purchasing at the piece rate from abroad. It is only since the last three or four years that we are purchasing at the lb. rate.

Mr. Rahimtoola.—There was a very big shawl business in India?

Mr. Kahandas.—Yes, but since these French products began to come into India the Indian production diminished. During the war they were selling at Rs. 5 per lb. and now it has come down to Rs. 2.

President.—From which country do most of the ready made shawls come?

Mr. Kahandas.—The superior quality used to come from Germany, but now it is mainly from Japan.

Mr. Rahimtoola.—That is very recent?

Mr. Kahandas.—Since the last two or three years.

Mr. Rahimtoola.—What reduced the production of Indian mills?

Mr. Kahandas.—German shawls.

Mr. Batheja.—Do goods manufactured by cottage factories in the Punjab come into Bombay?

Mr. Kahandas.—Yes.

President.—Is the German stuff made of crossbred or merino?

Mr. Kahandas.—Merino.

President.—Is the French stuff crossbred?

Mr. Kahandas.—Yes.

President.—From Germany both shawls and shawl cloths were coming?

Mr. Kahandas.—Yes. Ready made shawls formed the greatest supply.

Mr. Batheja.—What would be the difference in price between plain shawl and embroidered shawl?

Mr. Kahandas.—Rs. 1-8 per shawl.

Mr. Batheja.—How much would it cost per lb.?

Mr. Kahandas.—Embroidered shawls are sold not by lb. but by the piece.

President.—Do shawls come from England?

Mr. Kahandas.—They use to. But owing to German competition, shawls from England are not coming. Both rugs and shawls used to come in very large quantities from England but after the war their imports have dwindled.

President.—Most of the English shawls were crossbred?

Mr. Kahandas.—Yes.

Mr. Batheja.—You said that since the last three years the British shawls were not coming.

Mr. Kahandas.—Quite so.

Mr. Addyman.—There is no competition with the Indian mill in cross-bred quality on account of the specific duty?

Mr. Kahandas.—No.

Mr. Addyman.—In 1932-33 how much per lb. did you pay for the Indian quality?

Mr. Kahandas.—Rs. 2-4.

Mr. Addyman.—1933-34?

Mr. Kahandas.—Rs. 2-2.

Mr. Addyman.—This year?

Mr. Kahandas.—Rs. 2.

President.—Is there one price for all Indian mills?

Mr. Kahandas.—Yes, but the Indian Woollen mills are not selling. The Indian Woollen mills are not competing in this kind of cloth, because their quality is inferior. The Raymond Woollen Mills sold their goods at Rs. 2 a lb.

Mr. Batheja.—What is the quantity sold by the Cawnpore Woollen Mills and the New Egerton Woollen Mills, Dhariwal?

Mr. Kahandas.—In Bombay the Cawnpore Woollen Mills sold 2 lakhs of lbs. and I alone purchased last year one lakh of lbs. from the New Egerton Woollen Mills, Dhariwal.

Mr. Addyman.—Is your price of Rs. 2 nett for this quality (sample shown)?

Mr. Kahandas.—Yes without any discount.

Mr. Rahimtoola.—Is that a retail price?

Mr. Kahandas.—Wholesale price, but owing to competition the retail price is almost the same. Owing to the imposition of the specific duty the imports from France and other countries have declined. The sales of Indian mills have increased, but I do not know whether they make any profit or loss.

President.—What is the price of the Japanese shawl?

Mr. Kahandas.—Last year it was Rs. 3-8.

President.—Japan sells per piece at Rs. 3-8 (sample shown)?

Mr. Kahandas.—Yes, this is about 20 oz.

Mr. Addyman.—I weighed it and found the weight to be 16 oz.

Mr. Batheja.—What is the effect of the specific duty on Japanese imports?

Mr. Kahandas.—Still I am able to get it at Rs. 3-8 from Japan which no other country is able to sell at.

Mr. Rahimtoola.—After the imposition of the specific duty Japanese imports have begun to come.

Mr. Kahandas.—Yes.

Mr. Batheja.—Before the imposition of the specific duty the Japanese imports used to come.

Mr. Kahandas.—Only in small quantities. Before the duty and after the duty Japanese merino shawls have fetched the same price. Japanese prices are not fixed. They are open to offer.

President.—There is no specific duty on shawls.

Mr. Batheja.—I am sorry. Shawl cloths also come from Japan?

Mr. Kahandas.—Yes.

President.—Until 1934 the duty on shawls and shawl cloth was the same. From 1934 the specific duty has become applicable to shawl cloth only.

Mr. Kahandas.—The result has been that shawls are coming in greater numbers and shawl cloth less. This quality (sample shown) could not be got from other sources for less than Rs. 5 and when I offered Rs. 3-8, they accepted.

President.—The Japanese merino article is superior and doesn't compete with the mill made crossbred quality?

Mr. Kahandas.—Quite.

Mr. Addyman.—Is merino quality of this sample (shown) manufactured in India?

Mr. Kahandas.—The Dhariwal, Cawnpore and other mills are manufacturing a small quantity of merino quality. If they manufacture one lakh of lbs. of crossbred quality, they manufacture 1,000 lbs. of merino quality. There is no sale.

Mr. Addyman.—Why are sales so small? Is there any difference in quality or is it the price?

President.—What was your question?

Mr. Addyman.—I asked just now whether the Indian mills are manufacturing merino shawls.

Mr. Kahandas.—To a small extent they are manufacturing, but the sale is not much, because they can't compete with the Japanese price.

Mr. Rahimtoola.—Is the Indian merino quality comparable to the Japanese material?

Mr. Kahandas.—Yes.

Mr. Rahimtoola.—What about the German quality?

Mr. Kahandas.—It is superior.

Mr. Addyman.—Is this (German sample shown) merino quality?

Mr. Kahandas.—Yes.

Mr. Addyman.—Is it sold in large quantities?

Mr. Kahandas.—Not much after the imposition of the specific duty.

Mr. Rahimtoola.—The German merino quality is superior to the Japanese quality, but it does not sell much because of the price.

Mr. Kahandas.—Quite so.

Mr. Batheja.—Is the Japanese shawl also coming in?

Mr. Kahandas.—Yes.

Mr. Batheja.—Shawls of merino quality are made in the Punjab out of the Japanese merino yarn.

Mr. Kahandas.—The shawls made in the Punjab from Japanese yarn have now a big sale.

President.—Are the prices of shawls made in the Punjab out of imported Japanese yarn more or less?

Mr. Kahandas.—The handloom products have twice as much sales as the Japanese imports.

Mr. Batheja.—The question is about prices.

Mr. Kahandas.—The Punjab handloom stuff is slightly superior to the Japanese stuff though the price is the same and therefore sells more. Last year I bought the Indian quality 50" x 100" for Rs. 3-12.

Mr. Batheja.—As long as the cheap Japanese yarn is coming in, the Indian Mills cannot compete in the merino quality with the handloom stuffs of the Punjab?

Mr. Kahandas.—No, they cannot.

Mr. Addyman.—I want to know why, in spite of the fact that there is no specific duty on shawls, the British shawls are not selling in such numbers?

Mr. Kahandas.—It is all a question of price.

Mr. Addyman.—I am now talking of the crossbred quality.

Mr. Kahandas.—Yes. The British shawls are priced so high that they cannot compete with the Indian products. The Indian shawl weighing 2 lbs. sells at Rs. 4 whereas the British shawl weighing 1 lb. 11 oz. sells at Rs. 7.

Mr. Addyman.—But is it not a fact that the quality and the structure of the British shawl are considerably better than the Indian shawl?

Mr. Kahandas.—Yes, but the difference is not so great as the difference in price would suggest.

Mr. Batheja.—Do you know what quantity is sold of the handloom products of the Punjab in the Bombay market?

Mr. Kahandas.—50,000 lbs. (of both shawls and rumals) are sold in the Bombay market alone.

Mr. Rahimtoola.—Are these made of Japanese merino yarn?

Mr. Kahandas.—Yes.

Mr. Rahimtoola.—Are these rumals specially made for covering the head during the cold season?

Mr. Kahandas.—Yes. They are really bigger than handkerchiefs. They are commonly used by people in India to cover their head and ears during the cold season.

Mr. Batheja.—What about the French shawl? How does it come into the country?

Mr. Kahandas.—The French shawl comes in lengths as piecegoods. They are then dyed and made into shawls in India. The price of the French article was Re. 1-6. That was before the specific duty. The price would be Rs. 2-3 to-day with the specific duty, but there are no sales now. Prior to the imposition of the specific duty, there were extensive sales.

President.—What would be the price of the competing Indian shawl?

Mr. Kahandas.—A similar Indian mill made stuff sells at Rs. 2 per lb. The weight of the French shawl would be 12 oz. per piece.

President.—What is the size of the piece?

Mr. Kahandas.—44" x 88".

Mr. Addyman.—Here is a sample. The size is 50" x 100". What do you think is the price?

Mr. Kahandas.—Rs. 4-14. The weight is about 16 oz.

Mr. Addyman.—What would be the dealer's price?

Mr. Kahandas.—6 or 8 annas less.

President.—I want to ask you whether it is in the interests of dealers to push the sale of Japanese or foreign goods of any sorts in preference to those of Indian mills?

Mr. Kahandas.—It is not true that we prefer to sell foreign goods against Indian goods. It is not possible that any greater advantage accrues to the dealer in selling foreign goods than in selling Indian goods. There are too many dealers in the trade and there is keen competition amongst them.

President.—Is there any difference in profit in the sale of Indian goods and the sale of foreign goods?

Mr. Kahandas.—My experience is that the profit in selling Indian goods and foreign goods is about the same because there are too many dealers engaged in the trade, the only difference being that in the case of the foreign article like shawls when an imported stuff weighs, say, 1 lb. 11 oz. the dealer may pass it off as 2 lbs. and thus make a little extra profit.

President.—Let us now pass on to Italian rugs. Are these sold by weight or by the piece?

Mr. Kahandas.—By the piece.

President.—Take an Italian rug weighing 5 lbs. and an Indian rug weighing 4 lbs. Does the buyer enquire about the weight or is he content to take it for granted?

Mr. Kahandas.—If the difference in weight is only 2 to 3 oz. he does not care to enquire but if there is a greater difference then he can see it.

President.—Take this Italian rug weighing 2 lbs. 10 oz. and take this mill made Indian rug (3 lbs.) made by the Bangalore mills. Do they compete in the market? (sample shown).

Mr. Kahandas.—Yes; these two compete in the market but the Italian rug has a bigger sale than the Binny rug although the former weighs 6 oz. less.

President.—What is the price?

Mr. Kahandas.—Rs. 2-2 in both cases.

Mr. Batheja.—In the bazar they charge the same price?

Mr. Kahandas.—Yes.

Mr. Batheja.—Does the buyer know that the Italian rug is a mixture of cotton and wool?

Mr. Kahandas.—It is the dealer who knows, not the buyer and he does not even care to enquire. Even the retail dealers do not know that cotton has been mixed.

Mr. Batheja.—You as a dealer know what shoddy is?

Mr. Kahandas.—The dealer does not understand what is the difference between shoddy and wool.

Mr. Rahimtoola.—Your point is that up to a difference of about 6 oz. in weight the purchaser does not make any enquiry. As regards mixtures even the retail dealers do not know whether cotton has been mixed in the rug but that the wholesale merchant knows?

Mr. Kahandas.—That is so. They see the feel and appearance and think it is all wool whereas the Indian article looks rough and does not appeal to him and he does not care to know whether it is pure wool or whether it will last longer. They all care more for the feel and the design.

Mr. Batheja.—Have the designs of Indian mill made blankets improved?

Mr. Kahandas.—Yes, but they cannot compare with the Italian article.

President.—Take this Italian rug weighing 2 lbs. 8 oz. and the rug made by the Raymond Woollen Mills weighing 3 lbs. 2 oz. (shown): How do they compare?

Mr. Kahandas.—The price is Rs. 2-8 in both cases.

Mr. Batheja.—They don't care to know that the Indian rug is warmer?

Mr. Kahandas.—They see the soft feel of the Italian rug and think both are equally warm.

Mr. Batheja.—Don't they care to enquire whether the Italian rug will wear out quickly?

Mr. Kahandas.—When I as a dealer do not know how can an ignorant buyer know of this?

President.—What is the profit in both cases?

Mr. Kahandas.—I should say one or two annas more in the case of the Italian rug.

Mr. Batheja.—You say the purchaser does not know the difference in quality?

Mr. Kahandas.—That is so. The man who comes to purchase one piece does not know anything about the difference between the two articles but those who come to take one or two thousands of blankets know.

Mr. Batheja.—How do you make out which is shoddy and which is pure wool?

Mr. Kahandas.—By experience I know the difference between shoddy and pure wool.

Mr. Batheja.—But does not the buyer compare the two in this way that one may last five years while the other though attractive in design may last less?

Mr. Kahandas.—No. In spite of my explaining to the buyer that the swadeshi article will last longer they go in for the Italian rug because they like the finish and design and even look upon us with suspicion if we try to convince them about the relative wearing quality of the other because they think we are trying to pass off an inferior Indian article.

President.—Since how long are these Italian rugs coming into the market?

Mr. Kahandas.—For the last 15 years or more. They have been coming in for many years but their sales have increased during the last few years. Germany does not manufacture these blankets; they make more shawls. Most of these come from Italy.

Mr. Addyman.—Here is an Italian "Gloria" rug 5 lbs. 4 oz. and take these Indian mill made rugs most of which weigh 4 lbs. 4 oz. (3 rugs shown): Which would compete most extensively with the "Gloria" of these three Indian rugs?

Mr. Kahandas.—"Gloria" costs Rs. 5-8 and that has a bigger sale. The Indian rug will sell at between Rs. 4-8 to Rs. 5-8 weighing 4 to 4 lbs. 4 oz. People like the "Gloria" quality, not on account of the weight but because of the feel and appearance. When they come out of the packing they look much better in appearance than this one does.

President.—Does it deteriorate in stock?

Mr. Kahandas.—No, by use only. But if kept in stock for a long time it will have a sort of burnt out look and there will be holes in it: it will decay. The wool seems to go bad.

President.—Do you know what the "Gloria" is made of?

Mr. Kahandas.—They say it is 100 per cent. wool but I do not believe that it is so.

President.—It is sold in spite of the fact that it would get rotten in two years.

Mr. Kahandas.—Yes, they prefer to purchase this because of the design and finish. This is bought by the well to do and literate people. I have to confess that the Indian purchasers are foolish. Blankets are used in Bombay for three or four months and people forget about them. I want the duty to be increased on the cheaper rugs and not on the higher quality of rugs. I don't think the position of the poor people has improved as to make them go in for better qualities.

President.—What is the proportion of the sales of the Italian rug in comparison with the Indian rug?

Mr. Kahandas.—The sales of Italian rugs are more than Indian rugs at least more than double. I am now speaking of the reversible rugs. The Indian rugs are single only.

Mr. Batheja.—Take the Indian rugs and the Italian rug. Of the two Indian rugs, which competes more with the Italian rug?

Mr. Kahandas.—The rug made by the Indian Woollen Mills competes. The Italian rug may sell at Rs. 5, while one Indian rug sells at Rs. 4-8 and the other at Rs. 4.

President.—The Indian competing article is cheaper.

Mr. Kahandas.—Yes.

Mr. Addyman.—Are any reversible rugs made by the Indian Mills?

Mr. Kahandas.—There was one made in 1920 but the price was Rs. 11 per piece.

Mr. Addyman.—It was so very long ago?

President.—Are there not Indian reversible rugs?

Mr. Addyman.—They are not making them. Is it that they can't sell at the price?

Mr. Kahandas.—Yes.

Mr. Batheja.—Supposing the Italian rug is made of pure wool, what would be the price?

Mr. Kahandas.—Rs. 3 more per piece than the price of the shoddy rug.

Mr. Batheja.—Have you ever imported new wool Italian rug?

Mr. Kahandas.—I used to import some quantity of No. 745 quality. It is not coming in now, because the shoddy wool is coming in at a cheaper price.

Mr. Batheja.—What would be the difference between the Indian made rugs and No. 745 Italian rug?

Mr. Kahandas.—The Italian rug was reversible. The weight was also different. It used to be 6 lbs.

President.—The weight of the reversible rug is always more?

Mr. Kahandas.—Yes.

Mr. Batheja.—The wool was better?

Mr. Kahandas.—Yes.

Mr. Batheja.—What would be the difference in the price of wool?

Mr. Kahandas.—I do not know.

President.—If the Italian rugs were reduced in weight, would they sell equally well?

Mr. Kahandas.—No, the sales would go down.

President.—The "Gloria" rug is sold in such numbers to better class of people, because it is a reversible rug. If it were a single rug, would it sell in the same quantities?

Mr. Kahandas.—No. It is sold in such numbers, because it is reversible.

President.—My reason for asking this question is if a duty is put on Italian rugs, the Italian manufacturer will have to discover some way of selling his goods, and he will only be able to reduce his price by reducing his weight. Will that affect his sales?

Mr. Kahandas.—In a single rug the only way of reducing his price would be to put in more cotton, but in the case of double rug, the weight cannot be reduced. I don't think that a double rug can be made of less than 5 lbs.

Mr. Batheja.—You have not seen any rug made of less weight?

Mr. Kahandas.—No. Reversible rug cannot be manufactured below 4 lbs. weight.

Mr. Batheja.—And therefore you don't know?

Mr. Kahandas.—No.

Mr. Batheja.—This is a single rug all wool—3 lbs. 4 oz. What is the price of this?

Mr. Kahandas.—Rs. 3-8. The prices of Kaiser-i-hind and Italian rugs are the same; they are of the same size and weight. The sales are more in the case of Italian rugs because of the soft handle. Occasionally some prefer a durable rug.

President.—Here are some rugs, of which two are Indian and one Italian. The Raymond Woollen Mills' rug weighs 3 lbs. and the Indian Woollen Mills' rug weighs 4 lbs.

Mr. Kahandas.—The Indian articles will be sold at about Rs. 4 to Rs. 4-8.

President.—Do these two Indian rugs sell well?

Mr. Kahandas.—They don't sell well in competition with the Italian rug. They cannot compete with the reversible Italian rug. If the Indian

rug is sold at Rs. 4-8 tho buyer would prefer to buy the Italian rug at Rs. 5-8 in spite of the fact that the Indian product is cheaper.

Mr. Addyman.—The design of these Indian rugs is good.

Mr. Kahandas.—Yes, but the finish is not good.

President.—Do the same classes of people who buy these Indian rugs buy the Italian rug?

Mr. Kahandas.—They are sold in the same market. It all depends upon the dealer whether he is able to persuade the buyer or not. Half the people buy the Italian rug and half the people buy the Indian products.

Mr. Batheja.—Do these Indian rugs come in competition with the Italian rug?

Mr. Kahandas.—Not with the reversible Italian rug.

President.—If the Indian rug were a reversible rug, then it would sell more.

Mr. Kahandas.—Yes, but then the weight would become greater and the price also would be more.

Mr. Batheja.—How much more?

Mr. Kahandas.—It would come to Rs. 8. In that case, nobody would buy it.

Mr. Batheja.—The quality is good, is it not?

Mr. Kahandas.—Yes.

Mr. Addyman.—What do you think of this scarlet blanket?

Mr. Kahandas.—12 or 14 years ago, trade was in this type of goods; that was prior to the war.

President.—It is dead now?

Mr. Kahandas.—The Italian rugs have killed the trade in the Indian article. The price has become 2 annas an ounce.

President.—What about this cooly rug?

Mr. Kahandas.—It is sold at Rs. 2 and weighs 3 lbs. Now-a-days coolies also are buying Italian rugs. These green cooly rugs are put on the market by the Kaisar-i-Hind Woollen Mills and the Bangalore Woollen Mills. As many as 100,000 blankets are sold every year.

Mr. Addyman.—They actually weigh 3 lbs. 6 oz.

Mr. Kahandas.—The standard weight is 3 lbs.

Mr. Batheja.—Which Italian product competes against these?

Mr. Kahandas.—The Italian rug which sells at Rs. 2 competes against these. The coolies also are buying the cheapest Italian rugs.

Mr. Batheja.—Does not the cooly know that there is so much shoddy in the Italian rug?

Mr. Kahandas.—When educated men don't understand the difference, how can you expect the cooly to understand it?

Mr. Batheja.—Do you think that if the Italian blanket is raised in price by four to six annas, the Indian product will sell?

Mr. Kahandas.—Yes.

Mr. Addyman.—What is the price of the Indian cooly rug?

Mr. Kahandas.—The price of the rug made by the Kaisar-i-Hind Mills will be Rs. 2 and that of the Binny Mills Rs. 2-2.

Mr. Rahimtoola.—What is the difference in price due to?

Mr. Kahandas.—Due to the difference in weight.

Mr. Addyman.—What is the weight?

Mr. Kahandas.—The Bangalore Woollen Mills' rug will weigh 3 lbs. 4 oz. whereas the Kaisar-i-Hind Mills' rug will weigh 3 lbs.

Mr. Addyman.—Here is a rug made by the Raymond Woollen Mills which weighs 5½ lbs.

Mr. Kahandas.—The Japanese pure wool blanket will sell at Rs. 6-8 whereas the Indian article will sell at Rs. 8.

Mr. Batheja.—Is the Japanese blanket which is sold at Rs. 6-8 made of pure wool?

Mr. Kahandas.—They say so, but their statement cannot be relied upon.

Mr. Batheja.—Do you know that the Japanese blanket contains also jute and cotton?

Mr. Kahandas.—Yes.

Mr. Batheja.—A similar blanket is made by the Bangalore Woollen Mills.

Mr. Kahandas.—Yes. Japanese rugs of a similar type come in.

President.—For the last how many years are they coming in?

Mr. Kahandas.—For the last four years.

President.—At what price are they sold?

Mr. Kahandas.—Rs. 6 to Rs. 6-8.

President.—What is the weight of the Japanese article?

Mr. Kahandas.—4 lbs.

Mr. Batheja.—Are these blankets from Japan sold in great numbers?

Mr. Kahandas.—Yes.

Mr. Rahimtoola.—It all depends upon how the trader puts the thing before the customer.

Mr. Kahandas.—Yes.

Mr. Batheja.—Who buys these blankets costing Rs. 1-8?

Mr. Kahandas.—Chaprassis.

President.—Is this Mysore handloom product sold in the Bombay market?

Mr. Kahandas.—No.

President.—Do you think the mills can improve the sale of their goods by better sales methods? How do the Indian mills sell their goods?

Mr. Kahandas.—Lalimli and Dhariwal have their agents who sell the goods; Raymonds sell through brokers. The Indian Woollen Mills have their agents.

President.—What is the reason for the lower sale of Indian goods?

Mr. Kahandas.—It is purely competition.

President.—What can they do to improve their sales?

Mr. Kahandas.—It is merely a question of price.

President.—Suppose they advertised and took other steps by showing that there was shoddy in the Italian rug and so on, can they improve their sales?

Mr. Kahandas.—I don't think so: people only understand the finish and attractiveness of the design and do not care for the wearing qualities.

President.—This "Gloria" rug which is selling for Rs. 5-8 can it be sold if the price went up to Rs. 6 or Rs. 7?

Mr. Kahandas.—If there is an increase in the duty of Re. 1-8 and the price of this rug went up to Rs. 7 its sale then will be less and the sale of the Indian rug will improve, but there will still be a certain market for the "Gloria" rug, but nothing less than Re. 1-8 will affect their sales. We can reduce the price up to 10 per cent.

President.—With a difference of 10 per cent. will people prefer the Indian rug to the "Gloria" rug? Suppose the duty is increased by 25 per cent. those people who used to buy the "Gloria" reversible rug will turn to the Indian rug?

Mr. Kahandas.—Yes.

Mr. Batheja.—The price of the "Gloria" rug is Rs. 5-8; if it is increased to Rs. 7 then you can sell the Indian single rug?

Mr. Kahandas.—If the price of the reversible rug increased by Rs. 2 everybody would prefer the Indian single rug because of the lower price.

Mr. Rahimtoola.—How long have you been dealing in the market?

Mr. Kahandas.—For the last thirty years.

Mr. Rahimtoola.—You say you represent Messrs. Mangaldas Kahandas. How many merchants are there doing this type of business (woollen goods)?

Mr. Kahandas.—Fifteen.

Mr. Rahimtoola.—Do you deal in Indian goods?

Mr. Kahandas.—Yes.

Mr. Rahimtoola.—What is the proportion?

Mr. Kahandas.—About 50 per cent. I am chiefly selling lower quality Indian goods the prices of which range from Rs. 2-8.

Mr. Rahimtoola.—Up to the price of Rs. 2-8 you can sell 50 per cent. of Indian goods: above that you cannot sell?

Mr. Kahandas.—No.

Mr. Rahimtoola.—As regards the quality now manufactured by the Indian mills, if the price and finish are the same as that of the imported article, can you improve the sale?

Mr. Kahandas.—If the price of the "Gloria" rug was Rs. 5 and we had to sell the Indian rug also at Rs. 5, people would prefer the "Gloria" rug.

Mr. Rahimtoola.—Take the Indian rug priced at Rs. 2-8.

Mr. Kahandas.—The appearance and finish is much inferior.

Mr. Rahimtoola.—You mean the quality of the wool from which this Indian mill-made blanket is manufactured is such that the appearance and finish cannot compare with the foreign article and therefore it cannot be sold in competition?

Mr. Kahandas.—That is so.

Mr. Rahimtoola.—What steps would you suggest to improve the quality?

Mr. Kahandas.—There is no other way of improving the sales except by a high duty because the wool is inferior and improvement in finish is therefore impossible.

Mr. Rahimtoola.—But the duty cannot improve the finish.

Mr. Kahandas.—That is so, but if there is a big difference in price the buyer would prefer the cheaper stuff even without finish.

Mr. Rahimtoola.—Take the Rs. 2-8 quality which is purchased by the lower middle class people; suppose the price of that goes up, it will not be within their means to buy these?

Mr. Kahandas.—Even if you raised the duty the price of the Indian mill made rug will remain the same because it will be sold in competition with the foreign rug.

Mr. Rahimtoola.—The Indian Mills' price cannot remain the same because they are now selling in competition with the foreign article and incurring losses.

Mr. Kahandas.—My point is that the loss which they are making cannot be more than 2 to 4 annas and the price will be raised only by 2 or 4 annas whatever duty you put. I had at one time intended to buy the Maharani Mills at Baroda and with that idea in view went into the cost of production with some experts and after examination the experts came to the conclusion that the cost of a low quality blanket would not be more than Rs. 2-4 per piece so that the loss in manufacture will not be more than 2 to 4 annas. I am referring to the blanket which is manufactured by the Kaiser-i-Hind mills and which is sold at Rs. 2 at present. I find that this rug which I bought at Rs. 2 would cost me Rs. 2-4 to manufacture at Baroda.

Mr. Rahimtoola.—Is it your opinion that in the case of blankets and rugs protective duty should be imposed on the lower quality and not on the

higher quality because these are purchased by the poorer classes. What is your proposal about shawls?

Mr. Kahandas.—Merino yarn is not produced in India and there is a bigger sale of coarse shawls.

Mr. Rahimtoola.—Is it your view that in the case of shawls which are manufactured from crossbred yarns no protection is necessary? You say there is no competition in crossbred quality Indian shawls?

Mr. Kahandas.—That 12 oz. shawl cloth from France I showed to you does compete with the Indian quality. But for the last 18 months no shawl cloth has come from France.

Mr. Rahimtoola.—Supposing the duty remains the same there will be no difficulty as regards crossbreds?

Mr. Kahandas.—There is duty on shawl cloth; suppose they manufacture shawls and send them out, there will be competition.

Mr. Rahimtoola.—How long ago has the sale of shawl cloth from France stopped?

Mr. Kahandas.—Since the last year or so.

Mr. Rahimtoola.—Have you any idea of the cost of manufacture in Japan?

Mr. Kahandas.—No.

President.—I want to know whether in your opinion Re. 1-2 duty is higher than is necessary.

Mr. Kahandas.—It is just the proper duty. I don't think it should be lowered.

Mr. Batheja.—Supposing you imported from Britain quality similar to No. 745, what would be the price?

Mr. Kahandas.—L.M.V. quality used to come from England the price being Rs. 22 to Rs. 25. Nothing below that has come in, since the Italian competition began to be effective.

Mr. Batheja.—Are shoddy goods coming from England?

Mr. Kahandas.—No.

Mr. Batheja.—Are shoddy goods coming from Germany?

Mr. Kahandas.—No. Since the war no shoddy goods are coming in from Germany.

Mr. Batheja.—Is there any difference between the commission paid on foreign goods and commission paid by the mills?

Mr. Kahandas.—The main difference between the Mills' sales and the imported sales is this that the mill prices are at once known to the market whereas the prices of imported articles are not known so readily because of the fact that there are more than one importer.

Mr. Batheja.—Is the rate of commission the same?

Mr. Kahandas.—We indicate the price at which we buy our goods from the importers. We are not concerned with the rate of commission they themselves get from the manufacturers. Sometimes they pass on a portion of their own commission to increase their business and same methods are adopted by the mill agents. Sometimes the mill agents give more or less out of their own commission.

Mr. Batheja.—The mills produce more and they are not able to sell. That is why they quote lower prices.

Mr. Kahandas.—The prices offered by us are not in the case of blankets determined by the stocks existing. They are determined by the price at which we can buy Italian blankets, but it is true that in the case of shawls when there is overproduction, the prices may be depressed on account of the knowledge that there is overproduction.

Mr. Batheja.—Do not dealers know what goods are produced in Japan and Italy?

Mr. Kahandas.—No.

Mr. Batheja.—But it is easily known how much goods are produced in the Indian mills?

Mr. Kahandas.—Yes, the Bangalore Mills are able to manufacture low quality blankets.

Mr. Batheja.—What kind of blankets do you get from Cawnpore and Dhariwal Mills?

Mr. Kahandas.—We don't get any quality costing below Rs. 4 from them. It doesn't pay them to manufacture such qualities. Though I tried to place an order of 50,000 pieces of blankets of low quality with Mr. Lewis of the Cawnpore Woollen Mills, they could not supply. Dhariwal and Cawnpore blankets are not coming into the Bombay market, because generally they charge more than Rs. 7.

Mr. Batheja.—Since when have those goods of Cawnpore and Dhariwal Mills not come into the Bombay market?

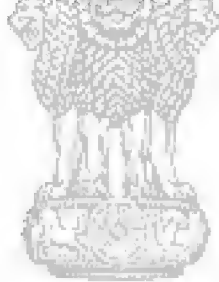
Mr. Kahandas.—I have not seen during the last 5 years orders of anything like 100 pieces coming to Bombay. Small quantities may be coming now and then, but no large quantities have come.

Mr. Batheja.—How do you determine the difference in price between the Indian and the Italian blankets?

Mr. Kahandas.—After finding out the price of the Italian blankets, I know which Indian blanket will be preferred by the Indian dealers and sold at a particular price, and I offer that price.

Mr. Batheja.—Are those prices known to mills?

Mr. Kahandas.—I quote to Binny's and the Kaiser-i-Hind Woollen Mills.



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